ABSTRACT

This study aims to examine the effect of innovation strategies, information technology adoption, and entrepreneurial orientation on Competitive Advantage, which have implications for business performance. The problem obtained from the preliminary research is that the performance of Online-based Small and Medium Enterprises (UKM) in Central Java has not increased optimally.

The population of this research is the owners or managers of online-based Small and Medium Enterprises in Central Java and data collection was carried out by distributing questionnaires to respondents. Confirmatory factor analysis was used to measure validity and reliability. This study uses Structural Equation Modeling (SEM) which is run with AMOS 24 Software to analyze the data that has been collected.

The results of this study indicate that, first, there is a significant and positive influence of the Innovation Strategy, Information Technology Adoption and Entrepreneurship Orientation on Competitive Advantage. Second, there is a significant and positive influence of the Innovation Strategy, Information Technology Adoption and Entrepreneurship Orientation, and Competitive Advantage on Business Performance. There are several limitations in this study, the respondents of this study are owners or managers of online-based Small and Medium Enterprises in Central Java, so they cannot be generalized to micro and small and medium enterprises in Central Java which are not yet online based, and Respondents' lack of understanding and interest in filling out the questionnaire. Apart from the limitations of this research, it is hoped that this study can answer the research gap in this study and the results of this study are expected to be able to provide input on strategic decisions that will be taken by owners or managers of online-based Small and Medium Enterprises in Central Java.

Keywords : Innovation Strategy, Information Technology Adoption, Entrepreneurial Orientation, Competitive Advantage, Business Performance, Online SME

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