

## **ABSTRACT**

*Using a case study of SMEs in the food and beverage sector in Semarang, this study examines the impact of strategic alliances and product innovation on the sustainability and competitiveness and subsequent performance of companies. Food and beverage SMEs are facing increasingly fierce competition during the Covid-19 pandemic. MSMEs must have a competitive advantage to survive in adverse conditions. This study examines the impact of strategic alliances on the competitive advantage and financial performance of SMEs in the food and beverage industry in Semarang City. Product innovation affects the competitive advantage and financial performance of SMEs in the food and beverage industry in Semarang City.*

*The population of this study is MSMEs in Semarang City in the food and beverage industry which forms strategic alliances for their business. A total of 130 food and beverage MSMEs were found in Semarang City through the application of purposive sampling techniques. Data analysis of this study using the SEM method with the help of the AMOS 24 program.*

*The data processing findings in the full model SEM test have met the goodness of fit criteria, namely,  $\chi^2=292.425$ ,  $CMIN/DF=1.099$ ,  $probability=0.127$ ,  $GFI=0.853$ ,  $AGFI=0.82$ ,  $TLI=0.987$ ,  $CFI=0.989$ ,  $RMSEA=0.028$ . By fulfilling these requirements, the research model is feasible to use. The results of this study show that the competitive advantage and performance of the company are significantly and profitably influenced by strategic alliances. Product innovation significantly and profitably impacts the competitive advantage and performance of the company. The impact of strategic alliances on company performance and the impact of product innovation on company performance can both be influenced by competitive advantage.*

**Keywords : Strategic Alliance, Product Innovation, Competitive Advantage, Company Performance**