

## **ABSTRACT**

*The growth of the MSMEs industry is a productive business to be developed in order to increase economic growth. The growth of the MSMEs industry can be influenced by supply chain and good performance. In a supply chain that is well integrated and can maximally meet consumer demand and become a competitive advantage for the organization, it can be seen from the lower prices and quality offered so that it can increase its own competitive advantage compared to its competitors. This type of industry is always in demand by most people because of their buying interest and ongoing needs.*

*The purpose of this research is to find out the application of supply chain management practices to organizational performance, how much influence it has on competitive advantage and to know that competitive advantage can mediate between supply chain management practices on organizational performance in beverage MSMEs in Makassar City.*

*This research uses quantitative methods. The data was obtained through a survey method through an online questionnaire aimed at 100 Beverage SMEs owners in Makassar City. The data analysis technique in this study was SEM-AMOS using AMOS software with maximum likelihood estimation which was carried out in several stages of analysis, namely confirmatory factor analysis (CFA) to determine whether the observed variables were valid and reliable to be forwarded to the next stage, and full SEM analysis.*

*Based on data analysis techniques performed using the AMOS software, the findings in this study showed that supply chain management practices has a positive and significant effect on organizational performance and competitive advantage. Competitive advantage has a positive and significant effect on organizational performance, but competitive advantage can mediate supply chain management practicess on organizational performance*

*This study provides new insights to beverage MSMEs owners in Makassar City and provides advice to beverage MSMEs owners in Makassar City based on the results of the highest influence value and performance value based on the t test analysis, to improve the implementation of supply chain management practices in order to produce good organizational performance thereby increasing competitive advantagef.*

*Keywords : competitive advantage, MSMEs, organizational performance, supply chain management practices,*