

ABSTRACT

The rapid progress in the business world encourages economic actors to improve and create competitive advantages. The purpose of this study focuses on the ownership of MSME competitiveness in the city of Bandung by improving innovation performance. With the increasing number of MSMEs in the city of Bandung, business owners need to think about strategies in creating competitiveness in their businesses. The aspects studied are related to the form of innovation performance carried out by MSME business actors and their impact on increasing business competitiveness. The use of e-commerce has many significant benefits. The use of digitalization for MSME actors is certainly helped by the existence of several e-commerce platforms available.

Several theories used in the study include the theory of MSMEs, innovation performance, innovation technology, and technology orientation theory. There are 3 hypotheses formulated in the study, namely information technology influences innovation performance, technology orientation influences innovation performance, and technology orientation moderates the relationship between the use of information technology and the innovation process.

This study applies a quantitative descriptive method to analyze the phenomena studied, using a questionnaire instrument as the main tool in data collection. The questionnaire was distributed online to pre-selected respondents, namely MSME actors in Bandung City. In data analysis, researchers used a structural equation model (SEM), which allows for testing and modeling the relationship between the variables studied simultaneously.

The study findings show that both information technology and technology orientation directly have a significant effect on the innovation performance of MSMEs in Bandung City. In addition, technology orientation also plays an important role as a moderating variable. Technology orientation can strengthen or weaken the relationship between the use of information technology and innovation performance, meaning that effective implementation of information technology in MSMEs can be significantly influenced by how technology orientation is applied in the organization.

The implications of the research results provide suggestions to MSME business actors, especially in Bandung City, to focus on factors other than information technology such as developing managerial skills and improving the quality of products or services. MSME actors can place more emphasis on training and developing human resources, strengthening business networks, and seeking support from the government or related institutions to improve access to finance and other resources.

Keyword: *MSMEs, product innovation, Technology Orientation, competitive advantage*