

ABSTRACT

The Influence of Value Chain Management and Absorptive Capacity on Competitive Advantage and Business Performance (Case Study at PT. Pandowo Utomo Food). This study aims to examine the relationship between value chain management and absorptive capacity and their impact on competitive advantage and business performance at PT. Pandowo Utomo Food.

A quantitative approach was employed, with data collected through questionnaires and analyzed statistically to test the hypotheses. The research population consisted of marketing department employees at PT. Pandowo Utomo Food, using a saturated sampling technique involving the entire population of 100 individuals. Instrument reliability and validity tests were conducted using Construct Reliability and Variance Extracted. Data were analyzed using the Structural Equation Modeling (SEM) method to identify relationships between exogenous and endogenous variables and to test the research model simultaneously.

Overall, the study demonstrates that value chain management and absorptive capacity are key factors in enhancing competitive advantage, which ultimately has a direct impact on the business performance of PT. Pandowo. The company should focus on developing absorptive capacity to support more effective innovation and imitation strategies, thereby strengthening its competitive position in an increasingly competitive market. The research findings indicate that the analyzed strategic factors significantly affect business performance. Value chain management contributes to improving both business performance and competitive advantage. Competitive advantage also plays a crucial role in enhancing business performance. Additionally, absorptive capacity influences both innovation strategy and imitation strategy, which in turn impact competitive advantage. Innovation strategy is proven to have a greater effect than imitation strategy in strengthening the company's competitiveness. This study has limitations, such as the sample being restricted to a single company and the absence of mediation or moderation variables. Therefore, future research is recommended to expand the study scope and consider external factors to provide a more comprehensive understanding of the elements influencing business performance in the related industry.

Keywords: *Value Chain Management, Competitive Advantage, Absorptive Capacity, Innovation Strategy, Business Performance.*