

ABSTRACT

The development of micro-enterprises, particularly in the creative industry such as batik, requires a strategic focus on internal capabilities and collaborative networks to enhance business performance. This study aimed to analyze the impact of competitive advantage, entrepreneurial orientation, knowledge management, and partnership strategy on business performance among Micro Batik Enterprises in Semarang City. Additionally, it examined the effects of entrepreneurial orientation, knowledge management, and partnership strategy on competitive advantage.

The research population comprised 75 owners of Micro Batik Enterprises, with the entire population selected as the sample. Data were collected through structured questionnaires utilizing a five-point Likert scale, and analyzed using descriptive statistics and quantitative analysis through Structural Equation Modeling (SEM) with SmartPLS 3.3.9.

The findings indicated that competitive advantage and knowledge management did not have a positive and significant effect on business performance. Conversely, entrepreneurial orientation and partnership strategy demonstrated a positive and significant impact on business performance. Furthermore, while entrepreneurial orientation did not significantly affect competitive advantage, knowledge management and partnership strategy showed positive and significant influences.

The managerial implications suggest that to improve business performance, micro batik enterprises should prioritize strategies aimed at market expansion, cost efficiency, and customer satisfaction. Additionally, strengthening broad and collaborative partnership strategies is essential for enhancing access to strategic resources and sustaining competitive advantage in a dynamic business environment.

Keywords: *competitive advantage, entrepreneurial orientation, knowledge management, partnership strategy, business performance, micro-enterprises.*