

ABSTRACT

Amid the rapid growth of the creative economy, MSMEs in the snack food sector in Central Java are faced with several major challenges that hinder their ability to compete, particularly in product development. The main problems identified are the low level of innovation, limited capacity to manage market risks, and the inability to establish productive partnerships with strategic partners. MSMEs often face difficulties in introducing new products that can be accepted by the market and meet the ever-evolving consumer demands. In this regard, a high entrepreneurial orientation could be the key to driving innovation and improving product development performance. The urgency of this study is crucial as it provides a deeper understanding of how the quality of collaborative partnerships and information technology capabilities can improve product development in the MSME sector. Therefore, the main objective of this research is to analyze the impact of entrepreneurial orientation, the quality of collaborative partnerships, and IT capabilities on enhancing product development performance in snack food MSMEs in Central Java.

Quality of Collaborative Partnership refers to an effective working relationship between two or more parties aimed at achieving common goals by exchanging resources such as knowledge, technology, and expertise. From the perspective of **Entrepreneurship Theory**, this partnership is considered a crucial foundation for continuous innovation and value creation, which helps businesses survive in competitive markets. On the other hand, the **Resource Advantage Theory of Competition** emphasizes that effective partnerships can lead to a competitive advantage that is difficult for rivals to imitate by integrating the resources of each party. The effort undertaken in this research is to analyze how the quality of collaborative partnerships, driven by entrepreneurial orientation, can drive improvements in product development performance in snack food MSMEs. This study focuses on the snack food business as its object of research because this sector has significant potential to drive the regional economy and is also the sector most affected by rapidly changing market trends. The respondents involved in this study are owners and managers of MSMEs who are directly involved in product development and business collaboration in Central Java. The choice of this study context is based on the fact that Central Java is the largest hub for MSMEs in Indonesia, contributing significantly to the creative economy sector and the snack food industry.

The sample size used in this study consists of 324 MSME actors involved in snack food product development in Central Java. The data collected from the respondents were then analysed using **Structural Equation Modelling (SEM-PLS)**, chosen for its ability to examine complex relationships between variables and identify the variables that most influence product development performance. The findings of this study show that entrepreneurial orientation has a significant impact on the quality of collaborative partnerships, which in turn contributes to improving product development performance. Additionally, the enterprise IT capabilities were found to play a moderating role that strengthens the relationship between partnership quality and product performance. The hypothesis that most strongly drives product development performance improvement is the relationship between collaborative partnership quality and product development, suggesting that effective partnerships can accelerate the innovation process and improve product development efficiency. The contribution of this study to the body of knowledge is providing a deeper understanding of the importance of collaborative partnerships in the context of entrepreneurship theory and resource advantage theory, highlighting how mutually beneficial strategic partnerships can enhance product performance in MSMEs.

Keywords: entrepreneurial orientation, quality of collaborative partnerships, product development performance, enterprise IT capabilities, product-oriented services.