

ABSTRACT

The increasing of Indonesia's economic growth depends on the role of industries and SMEs from each region entire Indonesia. Klaten is one of the industry districts which has potential developing SMEs because its supported by the tourism sector there. One of the sector of developing SMEs which popular in Klaten is culinary or food and beverage sector. Similar with other sectors, culinary SMEs also have several issues such as competitiveness, capital access, marketing, supply chains, new competitor, and do not have a plan to facing unexpected events. The purpose of this study is to examine the impact of entrepreneurial orientation, product innovation, and supplier-support toward business performance mediating by competitive advantage in Klaten's culinary SMEs.

The population is the practitioner of culinary SMEs in Klaten which amounted 1148 persons. This study using 100 participants as sample through questionnaire, then the data analysis conducted using Partial Least Square through SmartPLS 3.2.7 to generate the path coefficient and both direct and indirect impact of exogenous variable to endogenous variable.

The result of analytical statistics test using alpha $\alpha = 0,05$ shows that entrepreneurial orientation has significantly positive impact to business performance and competitive advantage, product innovation has significantly positive impact to business performance and competitive advantage, supplier-support has significantly positive impact to business performance and competitive advantage, and competitive advantage has significantly impact to business performance. Furthermore, it also shows that competitive advantage could mediating indirect relationship between entrepreneurial orientation, product innovation, supplier-support to business performance.