

## **ABSTRACT**

*The purpose of this study is to analyze the impact of information technology on competitive advantage to achieve business performance of small and medium-sized enterprises (SME). For this purpose, this paper conducted multivariate statistical analysis technique, which is called as Structural Equation Model (SEM) by using information technology and entrepreneurial orientation as an independent variables, competitive advantage as a mediator variable, and business performance as a dependent variable. The result of this study show that SME which have information technology and entrepreneurial orientation positively influences four variables of competitive advantage: product quality, product differentiation, rarely found product, and competitive price of product. Moreover, with or without competitive advantage this two independent variable can positively effects business performance variable so that SME can achieve employee growth, absolute level of sales, market share, and profit.*

*Keywords : Information Technology, Entrepreneurial Orientation, Competitive Advantage, Business Performance, SME (Small and Medium-sized Enterprised), SEM (Structural Equation Model)*