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Adoption of information technology encourages the creation of innovation to improve industrial performance in the digital era

Putu Ngurah Suyatna Yasa[a*]

[a]*Master of Management, Warmadewa University, Bali, Indonesia*

A B S T R A C T

Technology is becoming a trend, so this research examines technology information as a driver of productivity for small or medium industries (SMEs). This research examines the impact of innovation on the performance of small and medium enterprises, the impact of information technology on industrial performance, and the role of information technology as a mediator of innovation on company performance. Data was collected through an online survey. The total population is 346, so that many questionnaires were distributed to MSMEs using path analysis and Smart PLS as processing tools. The findings are that innovation has an influence on increasing the productivity of small businesses, innovation has a positive role on information systems, remains insignificant on the performance of industrial Performance, and information technology does not mediate the relationship between innovation and performance. So it can be said that innovation plays an important role in improving company performance.

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1. Introduction

Indonesia's digital economy is the highest in ASEAN, growing at 12% annually. There are excellent products in many areas, but many digital processes have not been touched. Small and medium enterprises (SMEs) have a strategic role, but challenges such as financing, digital. readiness and marketing. From 2020, the total annual consumption of the digital market will be dominated by beauty products, followed by electronics and then food. The keys to Micro, Small & Medium Enterprises (MSME) development are local wisdom, digital transformation, and the role of facilitator of digital transformation / SMEs empowerment. The following factors contribute to the success of SMEs in adopting digital technologies: access to Internet technology, cloud-based data, artificial intelligence, and then the support of policy makers to ensure an adequate regulatory framework and business environment. Strengthening SMEs is a comprehensive effort to improve the ability of SMEs to meet the challenges and opportunities in global business. It is necessary to conduct intensive business training for SMEs and prepare business plans for special economic zones. The spread of SMEs is increasingly expanding and to be able to access a wide market, many things need to be addressed in various fields, such as technology or what is known as technology, regulations, and market balance. Currently the market looks lively but is not healthy because there is overlap and this requires improvements from various parties. This small industrial sector is required to innovate, but of course it cannot do it alone because it requires support from universities, non-governmental organizations, and the government. Therefore, success in new marketing is an important strategy for companies. Hsu and Cheng (2012) showed that innovation has a positive effect on the business performance of SMEs in Taiwan's electronics and industrial information. According to research results (Méndez-Picazo et al., 2021), new product launches, new work activities, and new market activities are related to business growth. Li et al. (2021) performed research on Turkish manufacturing and showed those aspects of innovation (product, process, marketing and management) influence performance. The same thing was also done in Pakistani manufacturing (Marion &

* Corresponding author
E-mail address putusuyatna2963@gmail.com (P.N. Suyatna Yasa)

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Fixson, 2021) which shows that the nature of innovation can be affected. Likewise, Shang et al. (2020), also said that innovation is certainly a boost to the revival of business performance.

In the business world, the role of information technology is used in electronic commerce or known as E-Commerce (e-commerce) or electronic commerce. The online store does business using online communication networks. Online shopping is a part of e-commerce, where the scope of e-commerce is more extensive, not only business, but also cooperation with business partners, customer service, open jobs, etc. In addition to www network technology, online shopping also requires the use of a database or database technology, electronic mail, or e-mail and other forms of non-computer technology, such as delivery systems and e-commerce payments (Yasa & Sentosa, 2022).

Based on the explanations of the above research results, the purpose of this work is to analyze; (1) the impact of innovations in small and medium-sized enterprises on organizational performance; (2) the impact of information technology on operations; and (3) analysis. Based on previous research findings, the use of ICT as a mediator between innovation and business performance is new in this study.

The economy on Bali Island certainly cannot be separated from the role of MSMEs, because they play an important role in expanding employment opportunities and employment, generating GDP, and providing a social safety net for the poor to participate in productive economic activities. However, the contribution of SMEs is not enough to encourage economic growth and increase income. Business performance is defined as the company's ability to achieve goals supported by good management skills, good governance and reliable commitment to achieve business goals (Guluma, 2021). A successful business is born when the company is structured according to the needs and desires of the target market. In addition, the products produced must have high specifications and performance compared to competitors to create a competitive advantage (Heng & Afifah, 2020). Technology entrepreneurs can have economic, social, and environmental benefits or impacts. The benefits provided from an economic perspective are as 1) Increase efficiency and productivity; 2) Increase income. 3) Create new jobs. To answer these challenges, the role of technology entrepreneur must be played by SMEs to improve their business performance. This research tries to determine whether innovation will help improve SME business performance in Bali. This research also makes a significant contribution in enriching the SME concept developed by previous researchers and shows the importance of techno-entrepreneurship in the development of SME business activities.

2. Relationship between variables and hypotheses

Technology shows that computing is a communication tool for computer software (Benbya et al., 2020). Information technology (IT) is defined as a part of a machine that can perform multiple commands. The Office of Communications (Popkin, 1991) explains that the term IT is used to describe new technologies and their applications, including all aspects of micro-devices, satellites and computers used as technology. Based on all these definitions, we can say that information technology is a part of information technology. The use of information technology has been widely studied. Akpan et al. (2022) reported that computers and other technologies are widely used in all areas of business, technology entrepreneur, finance, education, and administration. Etemad (2020) claims that IT plays an important role in supporting business success in situations of uncertainty and economic crisis. The use of ICT for business has been studied around the world and it has been found that the entrepreneurship of an individual is related to personal innovation, risk, the ability to understand ideas and take responsibility for success combination (Afawubo & Noglo, 2022). Since IT systems affect products and services, markets, product costs and product differentiation, the success of a company's innovation largely depends on the adoption and innovative use of IT (Paioland Gebauer, 2020). According to Guluma (2021), IT is related to social entrepreneurship and finds out how this affects sustainability. Efficiency and improvement are important to the industry because crossing geographic boundaries requires workers to be computer literate. The indicators used to measure ICT are: 1) Use of information technology as an industrial driver (Pan et al., 2022); 2) Understanding the importance of using information technology (Ofori et al., 2022); 3) and IT usage skills (Kaplan, 2020).

2.1 Innovation and Industrial Performance

Product innovations are one of the key factors of organizational success and an important strategy to increase market share and company performance (Soomro et al., 2021). Innovation lowers production costs and is beneficial in terms of customer satisfaction (Sellitto et al., 2020). Currently, the goals of new marketing are to increase sales, increase market share and initiate new markets (Azzam et al., 2021). According to (Nasir et al., 2020), creativity and innovation play an important role in the growth of organizational performance in the international market. Many previous studies have shown that innovations have a positive impact on business activities (Setini et al., 2020). A study by Purwad et al. (2023) shows that creativity affects company performance. Innovation is often considered the lifeblood of an organization and is essential to business. Success in new marketing is an important strategy for companies because their ability to market creatively can help them dominate existing markets or develop new ones and share immediate leadership in the field. Chen (2020) shows that innovation has a positive impact on the business performance of SMEs in Taiwan's information and electronic industry. According to the research findings of (Bil, 2021), a study of the Turkish manufacturing industry shows that aspects of innovation (product, process, marketing and management) affect performance. The same is done in the manufacturing industry of Pakistan, which shows that it is possible to influence the nature of innovation. Subsequent studies have also shown that innovation has a

positive and significant effect on performance (Ma et al., 2021). Based on the research findings used as a benchmark in this study, the hypotheses presented in this study are as follows.

H_1: *Innovation has a positive effect on industrial performance.*

2.2 Information Technology and Innovation

To achieve a higher innovation level of SMEs, all activities related to the innovative activities of companies must have the basic support of information technology and communication (Heimonen, 2012; Blanchard, 2020). Yüksel (2020) also stated in his research that companies that invested heavily in information technology and communication achieved a higher level of competition and innovation than companies that did not invest in it. According to Charles and Ochieng (2023), ideas that become innovations are usually implemented with information and communication technology initiatives, the results of which usually significantly improve the innovativeness of new products and processes, which is expressed in customer loyalty. promote demand for other products of the organization. At the same time, Alam and Mohanty (2022) found in their study that as much as companies want to maximize the innovative activities carried out every day, the introduction and implementation of information and communication technology should be prioritized and, in the context of the appeal, harmonize initiatives in communication and communication technology for all innovative activities of organizations. These companies also regularly adopted information technology and communication in customer relationship management, production improvement, supply chain management, innovation and other important activities of the organization (Normal et al., 2023; Munizu et al., 2024). Based on the research results used as reference in this study, the following hypothesis was formulated in this study.

H_2: *Innovation has a positive effect on information technology.*

2.3 Information Technology on Industrial Performance

The success of corporate innovation is highly dependent on IT implementation and innovation. Research by Kim et al. (2021) shows that IT is an important resource for improving business performance. Based on research on the relationship between IT and corporate performance and value (Ashal et al., 2021), IT is a strategic resource and has a significant impact on performance. Charles and Ochieng (2023) showed that IT has a positive impact on future business performance and increases business value. (Ashal et al., 2021) Research findings also revealed that IT has a primary impact on strategic direction and corporate performance. Research by Shabbir and Wisdom (2020) also found that IT investments have significant potential to improve business performance. Ahmed et al. (2020) reported that IT investment strategies have a significant impact on business performance. The hypotheses that can be made by combining the above research findings are as follows.

H_3: *Information Technology has a positive effect on industrial performance.*

2.4 The Mediating Role of Technology on Information Technology and Industrial Performance

The role of information technology does not directly affect performance improvement, but also indirectly mediates the relationship between innovation and performance. According to Adigwe et al. (2023), one of the many characteristics of the past century is information and communication technologies, which play an important role as a basis for the introduction and adoption of innovations needed by organizations. improve management and productivity. This is how you can survive well in a global and competitive market. Research by Aceto et al. (2018) shows that IT and innovation determine the performance of the company. IT can increase productivity and business efficiency, enabling companies to resist and succeed in market changes (Alves & Alves, 2015). Kinyua et al. (2015) argue that technology that drives resource acquisition drives internal processes that improve financial efficiency to improve business performance. In addition, IT is said to play an important role in improving business operations by increasing the performance of those assets (Farida & Setiawan, 2022). It is also important to help companies beat the competition (Bressler, 2012). Based on the results of the study, the following hypothesis was presented.

H_4: *Information technology mediates the relationship between innovation and industrial performance.*

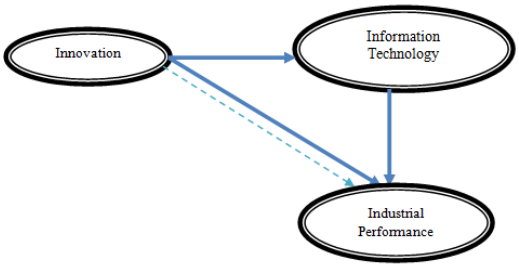

Fig. 1. Conceptual Framework

3. Research method

3.1 Research Setting and Sample

This research was conducted in 2022-2023 Bali-Indonesia on 15,198 MSMEs (Bali Provincial Industry Office 2019), the number of samples studied was 442,848 MSMEs, the research method used the sample size technique (Rahman et al., 2022), where samples were taken from each district using proportional stratified random sampling, while the selection of respondents used a simple random sampling method. The respondents used as samples were SME business owners who had been in business for one year. Data was obtained by distributing prepared questionnaires directly to 346 respondents throughout Bali. The research object is: SME business performance, innovation which consists of three dimensions, namely: product innovation, process innovation, and marketing and information technology innovation.

3.2 Data analysis

This research tests the influence of exogenous and endogenous variables with the SEM-PLS equation. The use of this analysis is due to assumptions (Baak et al., 2020), the data does not have to be normally distributed for all categories: ordinal, interval and proportion. The analysis does not depend on measurement scales, data distribution, and sample size. PLS can be used to validate theory and latent variable correlation, analyzing the innovation construct using a quadratic model, because innovation is divided into three dimensions, namely product, process and marketing innovation. The indicators that form latent variables are reflexive, so the evaluation of the measurement model (measurement model/external model) to measure the validity and reliability of these indicators is: convergent validity; discriminant validity; combined reliability, and Cronbach's alpha. Evaluation of the structural model (Structural Inner Model) to assess the level of accuracy of the model in the research is carried out by analyzing: (a) R-square (R2), (b) Q-Square Predictive. Relevance (Q2), (c) Fit (GoF) and (d) Structural Model Analysis.

4. Findings

4.1 Respondent Profile

The profile of the respondents studied as shown in Table 1 shows that of the 346 respondents studied, 47.50 percent were women and 52.50 percent were men. Judging from the age of the respondents, 7.70 percent are between 17-22 years old, 16.50 percent are 23-28 years old, 12.70 percent are 29-34 years old, and 63.10 percent are over 34 years old. The respondents studied had a relatively high level of education, namely 56.30 percent with a college education background, 5.90 percent junior high school and 39.80 percent high school. Meanwhile, in terms of the culinary product, 33 percent of them provide food and beverages, 54.30 percent of Beauty and fashion, 17.60 percent of Household equipment.

Table 1
Gender, Age, Education and Products Produced by Respondents

Gender	**Percentage**
Male	47.50
Female	52.50
Age (Year)	**Percentage**
17 - 22	7.70
23 - 28	16.50
29 -34	12.70
> 34	63.10
Education	**Percentage**
Junior High school	5.90
Senior High school	39.80
College	54.30
Product	**Percentage**
Culinary	33.00
Beauty and fashion	51.60
Household equipment	17.60

Source: Field research results

4.2 Data Analysis

Based on the result of the calculation of field research data using a structural equation modeling model based on PLS, the analysis can be described as follows.

4.2.1 Outer Model Evaluation

1) Convergent Validity

Convergent validity is a criterion in measuring the validity of reflexive indicators. This evaluation is carried out by examining the outer loading coefficient of each indicator on its latent variables. An indicator is said to be valid, if the coefficient of outer loading is between 0.60 – 0.70 but for an analysis whose theory is not clear then an outer loading of 0.50 is recommended (Sawyer, 2009),

and is significant at the alpha level of 0.05 or t- statistics 1.96. The value of the outer loading of each indicator on the latent variable can be seen in Table 1 shows that all indicators are valid. A measurement can be said to be reliable if the composite reliability and Cronbach alpha have a value greater than 0.70. Composite reliability and Cronbach alpha are a measure of reliability between indicator blocks in the research model. Table 1 shows that all constructs have Cronbach alpha and composite reliability values greater than 0.70, so they have met the valid requirements.

Table 1
Convergent Validity

Construct	Indicator	Original Sample	Cronbach Alpha	Composite Reliability	AVE	Description
Industrial Performance	Y11	0.86	0.83	0.85	0.67	Valid
	Y12	0.92				Valid
	Y13	0.82				Valid
	Y14	0.87				Valid
Information Technology	X11	0.79	0.95	0.96	0.85	Valid
	X12	0.92				Valid
	X13	0.95				Valid
Process Innovation	X211	0.83	0.88	0.94	0.77	Valid
	X212	0.85				Valid
	X213	0.84				Valid
	X214	0.85				Valid
Distribution Innovation	X221	0.85	0.78	0.87	0.69	Valid
	X222	0.67				Valid
	X223	0.78				Valid
Product Innovation	X231	0.74	0.87	0.87	0.67	Valid
	X232	0.72				Valid
	X233	0.78				Valid
	X234	0.76				Valid
Innovation			0.93	0.94	0.67	Valid

Source: research data calculation results 2023

2) Discriminate Validity

Measurement of the validity of the indicators that make up the latent variable can also be done through discriminate validity. Discriminate validity can be done by comparing the coefficient of the AVE Root (√AVE or Square root Average Variance Extracted) of each variable with the correlation value between variables in the model. A variable is said to be valid, if the AVE root is greater than the correlation value between variables in the research model, and the AVE is greater than 0.50.

Table 2
AVE d

Construct	AVE	√AVE
Industrial Performance		0.81
Information Technology	0.85	0.92
Process Innovation	0.77	0.85
Distribution Innovation	0.69	0.82
Product Innovation	0.67	0.82
Innovation	0.58	0.74

Source: research data calculation results 2023

Table 2 shows that all constructs show a value of AVE > 0.50, the AVE root value ranges from 0.74 - 0.92 while the correlation value between constructs ranges from 0.62 - 0.90, meaning that the discriminate validity test results show that all constructs are valid.

4.2.2 Inner Model Evaluation

Evaluation of the structural model (Inner Model) is a measurement to evaluate the level of accuracy of the model in the research, which is formed through several variables and their indicators. The results of further calculations are described below.

1) Evaluation of Structural Models Through R-Square (R^2)

R^2 can show the strength and weakness of the influence caused by the dependent variable on the independent variable. R^2 can also show the strength of a research model. According to Hair et al. (2014), the R^2 value of 0.75 is classified as a strong model, while the R^2 of 0.50 is classified as a moderate model and the R^2 value of 0.25 is classified as a weak model.

Table 3
R-Square Index

Construct	Industrial Performance	Information Technology	Process Innovation	Distribution Innovation	Product Innovation
R-Square	0.53	0.63	0.78	0.81	0.83

Source: Survey data calculation results 2023

Table 4 shows that the dimensions of process, distribution and product innovation show a strong R^2 value with each value greater than 0.75. Meanwhile, performance and IT showed moderate values with values ranging from 0.50 to 0,62.

2) Structural Model Evaluation through Q-Square Predictive Relevance (Q^2)

Q^2 is a measure of how well the observations made give results to the research model. The criteria for the strength of the model measured based on the Q^2 are as follows: 0.35 (strong model), 0.15 (moderate model), and 0.02 (weak model). The calculation results show the value of Q^2 = 1 - (1-0.62)(1-0.80)(1-0.76)(1-0.81)(1-0.52) = 0.99, included in the strong model criteria.

3) Structural Model Evaluation through Goodness of Fit (GoF)

Goodness of Fit (GoF) is a measurement of the accuracy of the overall model because it is considered a single measurement of the measurement of the outer model and the measurement of the inner model. The criteria for the strength of the model based on the measurement of Goodness of Fit (GoF) according to (Tellinghuisen, 2022), are as follows: 0.36 (GoF large), 0.25 (GoF medium), and 0.10 (GoF small). The calculation results show the value of GoF = V 0.70 * 0.69 = 0.69 or includes a strong model.

4) Structural Model Analysis

The aim is to determine the effect and significance of exogenous constructs on endogenous constructs. The results of this analysis at the same time answer the research questions posed.

Table 4
Path Coefficient and Statistical Test

Construct	Coefficient	P-Value	Description
IT → Industrial Performance	0.21	0.16	Not Significant
Innovation → Business Performance	0.56	0.00	Significant
Innovation → IT	0.78	0.00	Significant
Innovation → Innovation Process	0.88	0.00	Significant
Innovation → Innovation Marketing	0.88	0.00	Significant
Innovation → Innovation Product	0.91	0.00	Significant

Source: Survey data calculation results 2023

The results of this study (Table 4) show that innovation has a positive and significant effect on business performance (b = 0.55 P-Value = 0.00), so hypothesis 1 that innovation has a positive and significant impact on business activity is accepted. Innovation also has a positive and significant effect on IT (b = 0.79 P-value = 0.00), thus hypothesis 2 is accepted that innovation has a positive and significant effect on IT. IT has a positive but not significant impact on business performance (b = 0.20 P-value = 0.14), which means that hypothesis 3 that IT has a positive and significant impact on business performance cannot be accepted. Also, the results of the study show that process, marketing, and product innovations can reflect the innovation structure, each of which has an index coefficient of 0.87; 0.89 and 0.90 and all of them were statistically significant (Table 4). Further findings also show that IT is not a mediator between innovation and business performance, the direct relationship between innovation and business performance is shown to be 0.71 and significant, while the indirect relationship between IT innovation and business performance is 0.16 and it is notable Therefore, hypothesis 4, according to which IT mediates innovation and business performance, cannot be accepted (Table 6).

Table 5
Direct and Indirect Effect

Constructs Relationships	Coefficient	P-Value	Description
Direct Effect			
Innovation→ Industrial Performance	0.72	0	Significant
Indirect Effect			
Innovation→ IT→ Industrial Performance	0.17	0.16	Not Significant

The result of analysis in Table 4 shows that innovation has a positive effect of 0.78 and is significant when the level of significance is five percent, which means that the increase of innovation in both product, process and marketing innovation will boost higher use of IT. The result of this study is in accordance with the underlying theory of this research, that there is a positive relationship between innovation and IT. The result of this study is in accordance with the result of previous studies stating that the information and communication technology also play an important role in the new millennium companies, since its adoption and implementation in business activities generates, on one hand, a higher level of process innovation (Kaplan, 2020). SMEs to achieve a higher level of innovation, all activities related to innovation made by companies, should have a basic support of information technology and communication (Afawubo & Noglo, 2022; Guluma, 2021). Study by Ofori et al. (2022) stated that one of the many elements that characterize the present century is the information and communication technology, which plays a fundamental role in establishing the basis for the adoption and implementation of the innovation

activities that the organizations need to improve management and production methods, which will allow them to survive in a highly globalized and competitive market.

4.3 The Effect of Information Technology on Industrial Performance

The result of the analysis in Table 4 shows that IT has a positive effect on business performance, meaning that the increasing use of information technology will encourage higher business performance. This means that the result is in accordance with the underlying theory of this research, and there is a positive relationship between IT and performance. However, this relationship is not significant at the 0.05 level as shown in Table 5. The result of this calculation is in accordance with the reality on the ground that the use of IT among SMEs in Bali Province is still limited. SMEs in Bali Province in marketing their products dominantly still use traditional methods, namely door-to-door. The role of promotion using print and electronic media, or the internet is still relatively small. The data shows that SMEs in Bali generally use the door-to-door marketing method, which is 70.40%. They generally use promotional media from person to person on a limited scale; this condition is a traditional business management model with limited production quantities. Of all respondents studied, only 22.40% have used modern information technology in the form of the internet in marketing their products. In addition, there are also as many as 7.10% of SMEs that use other methods besides the two methods, namely handing over to collectors or production is ordered only so that it does not require marketing media to sell its products.

The result of this study is different from the result of previous studies which states that IT has a significant effect on performance, including the result of research by Sellitto et al. (2020) showing that IT is an important valuable resource in improving business performance. Kinyua et al. (2015) performed research on the relationship between IT and firm performance and showed that IT as a strategic resource has a significant positive effect on performance. The study of Purwadi et al. (2023) shows that IT and innovation determine company performance. Bil (2021) shows that IT has a positive influence on future company performance and increases the firm value. The great potential of IT investment in improving business performance has also been carried out through a study by Bressler (2012). Farida and Setiawan (2022) study also shows that IT investment strategies have a real influence on company performance.

4.4 The Role of Information Technology in Mediating the Relationship Between Innovation and Industrial Performance

To find out the role of IT in mediating the relationship between innovation and business performance, the study has been performed by doing two analyses, namely analysis involving mediating variables (indirect effect) and analysis without involving mediating variables (direct effect). The method of examining the mediating variable with the coefficient difference approach is carried out as follows: if the indirect relationship is significant while the direct relationship is not significant, it is said that IT is a perfect mediation of the relationship between innovation and business performance. If the direct relationship is significant while the indirect relationship is not significant, it is said that IT is not a mediating relationship between innovation and business performance (Munizu et al., 2024).

Based on the coefficient relationship between constructs, it can be seen that the direct relationship coefficient between innovation and business performance is 0.72 and is significant, while the indirect relationship between innovation on IT and business performance is 0.17 and is not significant. From the result of the analysis, it can be stated that IT is not a mediation between innovation and industrial Performance. This is in accordance with the result of the previous analysis between IT and industrial Performance that has an insignificant relationship, this condition is strongly influenced by the use of IT in SMEs in Bali, which is generally still relatively limited, the dominant marketing activity is at the local district level with the most method using door to door without IT assistance. Meanwhile, SMEs that market their products for export are still relatively limited. The role of promotion using print and electronic media, or the internet is still relatively small. The data shows that SMEs in Bali generally use the door-to-door marketing method, which is 70.40%. They generally use promotional media from person to person on a limited scale; this condition is a traditional business management model with limited production quantities.

The result of this study is different from the result of previous studies which state that IT plays an important role as a mediator between innovation and industrial Performance, including a study by Normal et al. (2023) which states that success in corporate innovation is highly dependent on the implementation and creativity of using IT. The result of studies also states that IT enables companies to maintain sustainability and gain success in various market changes so that it can increase profits and industrial Performance (Shabbir & Wisdom, 2020). The result of this study is also different from the result of the study by Charles and Ochieng (2023) which states that technology facilitates the acquisition of resources that facilitate internal processes in improving financial performance to improve industrial performance. The result of this study differs from the study of Ashal et al. (2021) which states that IT plays an important role in increasing the output of the same resources to improve business performance. Besides that, it is different from the study result which states that IT is also the most recognized factor to support companies in winning the competition (Ahmed et al., 2020). Thus, the hypothesis which states that IT mediates innovation on organizational industrial performance cannot be accepted.

5. Conclusion

The results of this study have indicated that innovation has a positive and significant effect on industrial performance, and that increasing innovation will improve industrial performance. In addition, innovation also has shown a positive and significant effect on IT, meaning that the higher the innovation will also encourage the higher use of IT. The next finding also shows that IT has a positive but not significant effect on industrial performance. In addition, IT also does not mediate the relationship between innovation and industrial performance. This is due to the low use of IT among SMEs entrepreneurs in Bali in supporting their business activities, in product marketing still dominant using traditional methods such as door to door. Another contributing factor is that the scope of marketing is generally still limited on a local scale, only a small number of which have exported, so the use of IT is also limited.

6. Implication

The findings of this study are expected to provide benefits for the development of entrepreneurship in Bali-Indonesia as an effort to improve industrial performance. This condition is a fact that SMEs in Bali-Indonesia cannot be separated from the role of employee production skills because SMEs products in Bali are dominantly based on local wisdom that comes from skills born of Balinese human artistic talent. However, as an effort to improve product marketing, the role of information technology is also very important to be improved. Technopreneurship, which is the integration of innovation with information technology, is an important factor in supporting the industrial performance of SMEs in Bali-Indonesia. However, nowadays the use of IT is still limited so it is very important to be improved in the future. The result of this study is expected to be a guideline for SMEs and policy makers in their effort to industrial performance, which is currently still relatively low.

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