



Competition Intensity, Uncertainty Environmental on the use of Information Technology and its Impact on Business Performance Small and Medium Enterprises

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ABSTRACT

In the business world, the information technology revolution led to tremendous changes in competition, production, marketing and human resource management. The use of information technology is a vital component of business performance (BP). By this study wanted to know of competition intensity (CI), uncertainty environment (UE) of business and the use of information technology and its impact on BP. The sample number in this study are 130 responses of small and medium enterprises (SMEs) printing management in East Java, using purposive sampling technique. Through testing with analysis of structural equation modeling the results of this study found that: First, CI impact significant positive on the information technology investment (IIT). But CI impact significant negative BP SMEs. Second, UE of business impact significant positive on the BP of SMEs and IIT. Third, IIT impact significant positive on the BP of SMEs.

Keywords: Information Technology, Competition Intensity, Uncertainty Environment of Business, Business Performance, Small and Medium Enterprises

JEL Classification: L25

1. INTRODUCTION

Today's information technology revolution has swept all fields of human activity in this world. In the business world in particular, the information technology revolution caused tremendous changes in competition, production, marketing and human resource management. The nature of the sharp competition would be a serious problem for the company, this happens because the business environment has undergone a change marked by growing uncertainty of business environment and the intensity of competition increasing. One of the tools used by management to help face to face conditions of uncertainty environment (UE) of business and competition increased business today is investment information technology to help companies improve the efficiency, effectiveness, and innovation, so that they can compete with the larger company (Grover and Goslar, 1993).

Research Aida and Gudono (2001) concluded that in a company that contained a high degree of UE of business, it can be a positive effect on the use of information technology. Syam and Maryasih

(2006) in the study stated that the use of information technology is indispensable managers in addressing the uncertainty of the environment so that information managers can take the right decision and the effect on its performance. Research (Mia and Clarke, 1999; Chong et al., 2001) states that the competition intensity (CI) market can influence the relationship between the use of information technology.

While related to business performance (BP) results of research Al-Mawali et al. (2012) showed that the level of use of information technology impact on organizational performance. The use of information technology leads to better organizational performance. Dehning et al. (2005) reported the use of information technology has become a fertile land and the opportunity to gain a competitive advantage. Research Yao et al. (2009) studied the impact of the use of information technology in the company's performance; results of studies have found a positive association between the use of information technology and performance. Bromwich (1990) argues that information on the use of information technology to help companies face the challenges of a competitive market that