

DO MARKET CAPABILITIES AND STRATEGIC ALLIANCES IMPACT IT BUSINESS PERFORMANCE?

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ABSTRACT

The business performance of the corporation was impacted by a number of elements, whether internal or external. Because technological advancement continues to advance, businesses should optimise their usage of information technology to improve their business performance in order to obtain an advantage over their competitors in the industry. This article aims to research variables impacting the business performance of a firm, evaluate how information technology governance impacts business performance, and examine how information technology usage impacts business performance, among other things. A questionnaire-based survey was used to gather information from 94 Indonesian business owners, managers, supervisors, and employees. The findings indicate that technological, organisational, and environmental variables all have a substantial impact on IT adoption and the role of the manager in the decision-making process for IT adoption and IT usage in the workplace. The findings provide useful insights that may be used to educate small and medium-sized enterprises (SMEs) about the potential benefits they can reap from utilising the cost-effective capabilities of the Internet to grow their operations. The research model for this study is based on the TOE theoretical development. Also provided by this study is a better understanding for managers or owners of developing companies of the importance of information technology usage, adoption, and governance to make business processes more effective and efficient and improve business performance to achieve a better position in the industry.

Keywords: *IT Adoption, Business Performance, IT Usage, IT Governance, TOE Framework.*

1. INTRODUCTION

Business and information technology (IT) collaboration was rare prior to the advent of digital development, primarily because many people were unaware of the implications of integrating IT into business operations and because technological developments were not as advanced as they are today [1]. The requirements of people are expanding in tandem with globalisation and technological growth in this digital age [2], which is causing them to become increasingly complex. The advancement of technology and digitalisation necessitates the development of human knowledge in the field of information technology (IT), which is one of the talents that must be had in order to be able to compete [3]. This is supported by the bulk of research history, which shows that technology that collaborates with business processes will increase

the value of the sale of products or services supplied by corporations to customers later [4]. Because of the fast growth of IT (Information Technology), it is necessary for all parties to be able to take full advantage of IT (IT Adoption), particularly for organisations and enterprises in order to improve the effectiveness and efficiency of business operations [5],[6]. [6] Not only is it necessary to improve the efficiency and effectiveness of business operations, but it is also necessary to communicate information with the capital and power holders in the company. It is indisputable that information technology has helped many businesses and organisations expand in a more positive manner, allowing them to contribute value to their customers either via the firm itself or through the goods they sell [7].

The greater the degree to which a firm embraces information technology, the more dynamic, effective, and efficient the organisation's

performance will be, and the greater its productivity and reputation will be [8]. Information Technology Governance (IT Governance) has an impact on business performance as well; the better a company's implementation of IT Governance, the better the company's success in developing future plans to acquire advantages that rivals do not have [9]. This also improves the company's business operations and services [10], which is a win-win situation.

IT Adoption and IT Governance that are correctly implemented will result in a wonderful combination that will allow the organisation to acquire a competitive edge [11]. In the past, IT Governance was limited to discussing how a firm should optimise and organise the technology that it possessed. However, as the times changed, they began to consider more complex methods of integrating business with technology in order to obtain the best possible outcomes [12]. IT Governance is concerned with information technology's performance and risk management [13]. It will be a smart investment for the advancement of the organisation if both parties are aware of their responsibilities [12]. Despite the fact that information technology (IT) is regarded as a critical component of corporate development, many organisations fail after integrating IT [13]. According to research undertaken by Nenad Nikolic and based on data from the European Federation of Accountants (FEE), a business's failure may be regarded from two perspectives, namely, the internal and external elements of the organisation [14]. External factors, such as company competitiveness and economic conditions [14], [15], are examples of external factors. The firm's owner/manager features are characterised as the internal factors [15] of the company.

2. STATE OF THE ART

The term "state of the art" refers to the most recent and most significant achievement in the research process. An investigation conducted by Zhang entitled "Impact of Information Technology Governance and Information Technology Capability on Firm Performance" examines the relationship between information technology governance and information technology capability and the performance of a company's operations. It is described in this section how IT Governance may improve the effectiveness of IT Capability and help businesses get competitive advantages in a highly competitive environment. However, there are several limitations to this study, including the fact

that Zhang's research only measures the IT Capability of large companies (companies registered with the IW500, i.e., companies with revenues of more than \$250 million or more), rather than only large companies that can use IT Capability, and that IT Governance is only measured in large companies. Furthermore, only the influence of IT Governance on the company's business is discussed in this research; IT Adoption, which is equally important for increasing business performance, is not discussed, because effective IT Governance will not be able to function properly without excellent IT Adoption [10].

Rini's research, titled "The effects of ICT Adoption on marketing capabilities and business performance of Indonesian SMEs in the fashion industry," discusses the influence of IT Adoption on marketing capabilities and business performance of Indonesian SMEs in the fashion industry, and how IT Adoption makes marketing capabilities more effective to improve performance. This section explains how information technology adoption is positively related to marketing capabilities in attracting customers via the use of communication methods and the appropriate marketing mix to target clients. Another disadvantage of this study is that it only included retail employees due to the difficulties in reaching the business's owner or management [16], resulting in a small sample size.

Arif Anjum's 2018 research, "Impact of Technology Adoption on the Performance of Small and Medium-Sized Enterprises in India," which examines the impact of technology use on small and medium-sized enterprises in India found that, in addition to the many factors that can influence adoption of a technology, the use of appropriate technology can improve the quality of work of employees while also contributing to the economic growth of both the country and the business itself by gaining insight.

The following research is a study carried out by Jalagat on the evaluation of the impact of information technology usage on the performance of an organisation's operations. Conclusion: Conducting an evaluation of the deployment of information technology in an organisation is also significant in determining the extent to which the company's performance can continue to operate smoothly, as demonstrated by this study. After being analysed with a statistical instrument, such as a correlation coefficient, it was discovered that there is a link between the usage of information technology and the performance of the firm. However, the study

had certain limitations, including the fact that the sample utilised was just 60 samples, which did not reflect the complete population of the current employees. As a result, it is advised that more research be conducted using a larger population sample [17].

Following this is a study performed by Borja named "IT governance effectiveness and its effects on product and process innovation," which includes new factors such as ITG relevant knowledge and ITG experience as extra variables to make this study more mature excellent. The expertise and experience of the firm's top management can make a good contribution to product creation when the organisation has adequate knowledge and experience in the ITG field. There is a drawback to this study: it only used samples from IT professionals. It is advised that future study use a more diverse sample of employees, either from employees who have nothing to do with information technology or from employees who function as front-line daily assessors of the usage and management of information technology in the organisation [11].

A. Research Questions

Based on this background, researchers make Research Questions as follows:

1. What is the impact of Technology, Organisation, and Environment on performances?
2. How does IT adoption affect business performance?
3. How does IT Governance affect business performance?
4. How IT Usage affects the company's business performance?
5. Are IT Governance, IT Adoption, and IT Usage interrelated to affect business performance?

B. Research Goals

To provide an overview of the relationship between IT Adoption and IT Governance as two things that cannot be separated from one another in order to improve the business performance of companies, both large corporations and small businesses in the early stages of development [10], this study was conducted. Because information technology is not exclusively for giant corporations, small businesses may manage their own information technology capabilities depending on their own capacities [11]. In order to have a better understanding of the relationships between company

success and the usage of information technology [10].

C. Research Scope

Specifically, this study will look at the impact of information technology adoption and information technology governance on the commercial performance of enterprises in Jakarta, Indonesia [16].

3. LITERATURE REVIEW & HYPOTHESIS DEVELOPMENT

This study makes use of the T-O-E framework, which defines how the process of adopting and implementing technical advances is impacted by three factors: the technological environment, the organisation's environment, and the environmental environment. In order to construct a research model for the study, we modified numerous earlier studies [16], [18], and [19] and applied them. The T-O-E framework addresses the desire for greater socio-economic progress and has garnered more substantial theoretical and empirical backing in the information systems sector than many other adoption frameworks [20], compared to many other adoption frameworks. Its suggested generic characteristics give more important lenses into researching users' perceptions about individual systems [21], making it the most legitimate, most dominating, and most specific paradigm for enterprise-context adoption.

A. IT Adoption

In a number of studies, it has been examined how IT adoption might impact a firm's performance, and there are various supporting theories and frameworks to back up these findings. IT adoption is defined as a process in which a person (in this case, an organisation or company) considers various points of view, both internal and external, before making a final decision to choose and use certain technologies, be they hardware, software, or system packages, for professional activities such as managerial, decision-making, and production activities [22]. IT adoption is defined as a process in which a person (in this case, an organisation or company) considers various points of view, both internal and external, before making

In the study of SMEs in Malaysia, for example, there are a number of elements that influence their decision to use information technology. Company Readiness, Expectation of Market Trends, Competitive Pressure, Innovations, Environment,

Information Sharing Culture, Information Technology Infrastructure, Trust, Information Distribution, Information Interpretation, Top Management Support, Feasibility, and Technical Advantage are some of the factors that influence IT adoption [23]. Then, based on research conducted in Iran using the TOE Framework on IT adoption in SMEs, it was concluded that perceived compatibility, information intensity, perceived relative advantage, CEO innovativeness, buyer/supplier pressure, support from technology vendors, and competition were all factors that influenced IT adoption [24]. The following hypothesis can be formulated in light of the foregoing theory:

- H1a: Technical Advantage affects the company's IT Adoption.
- H1b: Compatibility affects the company's IT Adoption.
- H1c: Complexity affects the company's IT Adoption.

Several studies have been conducted on the significant role managers play in the adoption of information technology in businesses, both large and small [15]. A Chief Executive Officer (CEO) must have a broad range of abilities and understanding in relation to emerging technologies [16]. Managers and power holders play a vital role in the organisation since they have complete control over all resources and cash in the organisation [25]. Having managers and CEOs with long-term goals and great discoveries connected to their enterprises is extremely vital for the success of their businesses [26]. In order for IT adoption in a firm to be effective, the CEO must take an active role in ensuring that organisational characteristics do not negatively impact IT adoption [15]. Based on the information presented above, it is possible to formulate the following hypothesis:

- H2a: Company Readiness affects the company's IT Adoption.
- H2b: Manager Knowledge affects the company's IT Adoption.
- H2c: Manager Innovations influence the company's IT Adoption.

The environmental factor (Environmental) is the setting in which a company is conducted. The strain created by a corporate climate that is always competitive will be felt by all [27]. One of the primary reasons that businesses want to implement information technology in their operations is to gain a lucrative competitive edge that will, in turn, have a

positive influence on their overall business performance [12]. When huge corporations or those who rely on information technology to support their operations exist, a trend is set in motion that smaller corporations will ultimately follow [8]. Entrepreneurial traits and market demands vary with the times, and businesses must constantly innovate in order to maintain their position as a leading firm and avoid experiencing commercial failures [9]. The fashion industry that adopts information technology will have a competitive edge over their competitors who do not use it because they will be able to obtain a competitive advantage and be prepared to predict market volatility [28]. The following hypothesis is formulated in light of the evidence presented above:

- H3a: Industry characteristics affect the company's IT adoption.
- H3b: Market turbulence affects the company's IT adoption.
- H3c: Competitive pressure affects the company's IT adoption.

B. Marketing Capabilities

When a firm markets their products or services by improving the value of the product by the use of particular technologies or tactics [29], marketing skills are a complex collection of patterns, knowledge, and actions that the organisation must have. According to [30], marketing capabilities are comprised of three basic components: reputation; market orientation; time scale; firm strategy; and position. In addition, having strong marketing talents enables staff to instil specific positive ideals in the minds of clients, allowing marketing actions to be coordinated and information to reach the intended audience without being incorrect [31]. Previous studies have found that information technology (IT) has a vital part in the effectiveness of marketing efforts, owing to the fact that today's current competitors virtually all employ intense IT and mastery of knowledge about the business world [32].

Companies utilise information technology in marketing to enhance the level of their products while also paying close attention to the efficacy of these marketing techniques that are carried out electronically. Marketing capabilities are being integrated with information technology in order to produce greater value [14], [29]. As Vilaseca points out, a company's marketing ability will increase rapidly if it already uses information technology, because the communication skills between agents and customers regarding the availability of products in the market will always be maintained, which is the

key to good company performance [32]. So it is possible to create a hypothesis that asserts the following:

- H4: IT Adoption affects the company's Marketing Capabilities.

C. Business Performance

Business Performance is defined as the capacity of a company's operations to fulfil its current capital holders [33], and it is measured as a percentage of total revenue. It is also important to note that how well a firm performs in the marketplace has an impact on its reputation. A number of studies have discovered a link between marketing competencies and corporate performance [4], for example]. Rini's research discovered that Marketing Capabilities and other factors that drive IT adoption in a firm had a substantial impact on Business Performance in the fashion sector in Indonesia [16]. Marketing capabilities, which include marketing research, pricing, product development, distribution channels, and promotion, significantly impact business performance. As a result, it is important to continue to look for ways to innovate and strengthen the sector in order for the company to move forward [34]. An effective marketing strategy, according to Carnahan, will increase a company's marketing performance while also having a favourable impact on the company's overall business success [35]. So it is possible to create a hypothesis that asserts the following:

- H5: Marketing Capabilities affect Business Performance.

D. IT Governance & IT Governance Maturity

IT Governance, which is considered a vital aspect of corporate governance, consists of organisational structures and processes designed to guarantee that information technology (IT) in an organisation can survive and aid the firm in attaining its objectives and strategy [11]. As a result of achieving this aim, the installation of IT Governance can enhance the alignment between IT and business strategy, which will improve the company's performance [36]. Only a few research articles have been published in recent years that explore the impact of information technology governance on company performance through strategic alignment. According to the most likely explanation for why there are so few studies on this subject, the scale of IT Governance itself has not been determined and is thus not yet legitimate [12]. IT Governance Maturity, according to Simmonson, is defined as the efficiency of the

internal IT organisation, as an aim of the corporation, and as a principle under the direction of management or the Chief Information Officer [36]. It is critical that the manager and the highest authority in this section understand their respective roles and responsibilities because in the organisational structure, the decision makers are drawn from committees, executive teams, and managers who are all responsible for making IT-related decisions [15]. According to this study, IT Governance Maturity is associated with Strategic Alignment, and the most important purpose of adopting IT Governance is to generate business value by understanding IT Governance as a component of enterprise governance [12], [13]. As a result, the hypothesis is as follows:

- H6: IT Governance Maturity affects the company's strategic alignment.

E. Strategic Alignment

In cases when firms have succeeded in aligning their vision and purpose in order to achieve corporate goals, all teams within the company have a different image of thinking than in cases where the company has failed to align its vision and mission [37] successfully. If done correctly, the social dimension of business-IT alignment draws attention to the relationship between persons and companies, which may result in improvements in technical abilities and the performance of those individuals themselves [26]. Alignment must also take into consideration the preparedness and commitment of all parties (particularly those in positions of authority) participating in the company, particularly if individuals who wish to be aligned are active in information technology and business [37].

Many studies have suggested the importance of strategic alignment in improving business performance on the basis of this strategic alignment, including research conducted by Tallon and Kraemer (2003), who found that companies that successfully achieve the required alignment can build a strategic competitive advantage that will allow them to increase their efficiency and profits, which will indirectly improve the company's performance [38]. The following hypothesis may be formed on the basis of the information presented above:

- H7: Strategic Alignment affects the company's business performance.

F. IT Usage

Since 1960, the corporation has been introducing

information technology, although in a basic form. Computers were introduced to the organisation at that time to process data relevant to accounting activities [39]. Along with the times, information technology is also utilised as a supporting tool to discover internal and external difficulties that exist in the organisation so that these problems may be immediately identified and appropriately treated without interfering with the firm's vision, goal, and objectives [40]. An important aspect influencing the usage of information technology in a company is the firm's requirements in relation to its business operations. A company begins to employ information technology to raise the selling value of its product or service in order to make the product or service more valuable and, as a result, gain the desired competitive advantage [41].

It is the responsibility of information technology (IT) in an organisation to optimise the company's business operations through the sharing of critical information and data [10], [12]. The use of information technology may increase a company's performance, promotion, employees, and competitive advantage and improve its brand image and market segmentation [42]. In his research, Jalagat (2017) comes to the conclusion that the use of information technology has an impact on the level of performance of an organisation, based on a test of variables that included performance and target achievement, financial performance, accountability, customer satisfaction, and operational efficiency [17].

The participation of technology (IT) is unquestionably beneficial to businesses, as evidenced by the fact that IT can improve profits, competition, and market share, as well as the ability for businesses to use various available features to develop new innovations in their goods or service businesses [17]. As a result of the use of information technology, it is believed that workers would have an easier time working since the use of IT will eliminate business procedures that are considered less efficient, resulting in business processes that are more effective and can reduce operating expenses [43]. It is possible to deduce the following based on the hypothesis presented above:

- H8: IT Usage affects the company's Business Performance.

Based on the literature review above, the researcher proposed a research model as shown in the picture below:

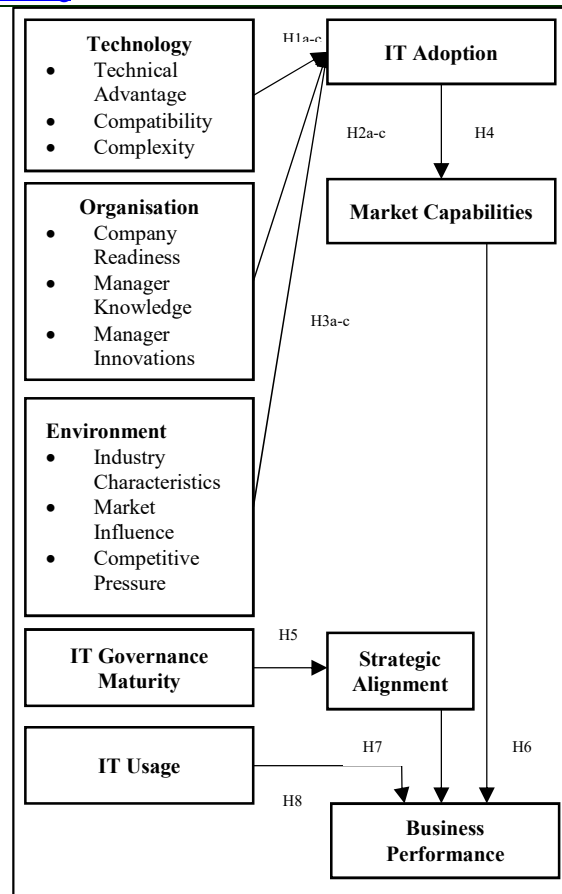


Figure 1: Research Model

4. RESEARCH METHODOLOGY

A. Method of Obtaining Information

Several past studies linked to IT Adoption and IT Governance, which have an influence on corporate performance, such as research from [11] and [15], were used to obtain the data for this study through a library study. Aside from the library research, this study also made use of a questionnaire that has been used in numerous earlier investigations.

1) Dependent Variable

In a dependent variable relationship, the dependent variable is impacted or the independent variable's consequence. Specifically, Business Performance [14] is the dependent variable in this study. According to Zulkifli's study, Business Performance is defined as the capacity of a company's operations to fulfil the demands of its current stockholders [33] and to generate profits.

2) Independent Variable

Independent variables are factors that have an effect on or induce the appearance of the dependent variable or independent variable [15], [16], [17], and

[18]. The independent variables in this study are IT Adoption and IT Governance, with adoption taken from the Liang study [12] as a starting point. The firms in Indonesia make up the majority of the study's population. The following criteria will be used to choose the study sample: Based on World Bank and Indonesia's Central Bureau of Statistics data, the sample is comprised of enterprises varying in size, number of employees, and other characteristics in 2015. This research will be limited to owners/managers who are directly or indirectly involved in the operation of a service, products, or manufacturing firm without exception. This study was carried out in Indonesia utilising a quantitative approach, using a questionnaire administered by corporate representatives (in this case, managers, supervisors, and directors). It was decided to conduct a pilot test with 30 participants to collect input on the respondents' understanding of the survey phrasing and evaluate the measurement reliability and validity. All of the data was created, developed, and changed based on past research. It was also based on [12], [15], and [17] that we developed the measuring scales that we utilised to gather data. All items were graded on a five-point Likert scale, with 1 indicating strongly disagree, 2 indicating disagree, 3 indicating neutral, 4 indicating agree, and 5 indicating strongly agree. Respondent profiles were created through the use of several questions in the respondent profile section of the questionnaires. These questions included information such as the respondent's age, gender, and educational level and information about the firm's age, number of employees, and location (by cities and provinces in company profile section).

The questionnaire also contains TOE questions based on a previous study on the proposed research model (15 sections TOE: Technical Advantage, compatibility, complexity, company readiness, manager knowledge, manager innovations, industry characteristics, market turbulence, competitive pressure, IT Adoption, marketing capabilities, IT Governance Maturity, strategic alignment, IT Usage, and Business Performance + respondent profile + company profile), resulting in a total of 17 questions. The questionnaire is available in English and Bahasa Indonesia. All questions in the questionnaire are mandatory to answer, and the respondents cannot submit without completing all questions.

5. RESULTS

A. Demographic Profile

After sending out 600 surveys, only 114 were

received and completed. The response rate was 19 per cent after one month data collection. The majority of the respondents were females with 51.8 per cent while male 48.2 per cent. Many SMEs managers, supervisors, and directors have bachelor degree (86.8%) while a few have master degree (7.8%). Most of the respondents were 26 to 45 years old (71.1%) and work as middle manager positions (42.1%), general manager positions (28.9%), and supervisor positions (25.4%). Based on the findings, it was found that 60.2 per cent of the SMEs were located at Central Jakarta followed by West Jakarta (12.9%) and South Jakarta (11.8%). Interestingly, although the companies are registered as SMEs, many companies employed more than 300 employees (51.8%) and between 30 to 300 employees (40.4%). Many companies have been well established in Jakarta with the majority of the companies have been in the industry for more than 25 years (50.9%) and between 10 to 25 years (38.6%). The response companies were also majority in service industry (75.4%) and trading (39.5%).

B. Model Measurement

Table 1 shows the analysis based on the research model stated in Figure 1. Based on the results, ITADP6 item, MC10 item, and SA13 item were deleted due to having loading scores less than 0.5. Other scores for loadings and Average Variance Extracted (AVE) were more than 0.5, which means that the model is valid and reliable. Furthermore, Composite Reliability (CR) is higher than 0.7 and Q^2 were higher than zero, indicating predictive relevance. However, the R^2 is quite small where only 28 per cent of the variables were able to explain the impact on business performance.

Table 1: Convergent Validity

Items	Loading	CR	AVE	R^2	Q^2
BP1	0.839	0.868	0.766	0.282	0.152
BP2	0.91				
COMPAT1	0.599	0.797	0.573		
COMPAT2	0.586				
COMPAT3	0.502				
COMPAT4	0.59				
COMPLE X1	0.59				
COMPLE X2	0.577				
COMPLE X3	0.565				

Items	Loadin g	CR	AV E	R ²	Q ²
COMPLE X4	0.539				
COMPRES1	0.571				
COMPRES2	0.569				
COMPRES3	0.574				
COMPRES4	0.584				
CP1	0.5	0.77 6	0.56 5		
CP2	0.638				
CP3	0.641				
CP4	0.5				
CP5	0.504				
IC1	0.581				
IC2	0.521				
ITADP1	0.56	0.73 5	0.52 7	0.41 4	0.09 2
ITADP2	0.682				
ITADP3	0.647				
ITADP4	0.595				
ITADP5	0.573				
ITADP6	0.288				
ITGM1	0.646	0.84	0.57 5		
ITGM2	0.617				
ITGM3	0.89				
ITGM4	0.841				
ITUSG1	0.74	0.81 8	0.59 8		
ITUSG2	0.638				
ITUSG3	0.566				
ITUSG4	0.623				
ITUSG5	0.756				
ITUSG6	0.603				
ITUSG7	0.532				
MC1	0.624	0.85	0.55 2	0.15 1	0.04 8
MC10	0.317				
MC11	0.592				
MC2	0.748				
MC3	0.7				
MC4	0.61				
MC5	0.687				
MC6	0.56				
MC7	0.586				
MC8	0.699				
MC9	0.538				
MI1	0.536	0.77 6	0.23 2		
MI2	0.547				
MI3	0.575				
MI4	0.667				
MK1	0.61				
MK2	0.58				
MK3	0.692				
MT1	0.54				
MT2	0.598				
MT3	0.527				

Items	Loadin g	CR	AV E	R ²	Q ²
SA1	0.641	0.82 5	0.29 5	0.53 8	0.11 4
SA10	0.552				
SA11	0.709				
SA12	0.682				
SA13	0.229				
SA2	0.511				
SA3	0.659				
SA4	0.641				
SA5	0.56				
SA6	0.586				
SA7	0.575				
SA8	0.557				
SA9	0.777				
TECH2	0.529				
TECH3	0.539				
TECH4	0.552				
TECH1	0.516				

Table 2 shows that the discriminant validity was established where the value of HTMT was all below 0.9. Additionally, Table 3 shows that VIF for collinearity test has values less than 5. Thus, it can be concluded that there is no issue with common method bias in the survey. The results based on Table 1, Table 2, and Table 3 show that the model is valid and reliable, and the hypotheses now can be tested. Table 3 also shows the VIF score that should be lower than 5 to ensure no bias issue in the data.

Table 2: HTMT for Discriminant Validity

	1	2	3	4	5	6	7	8	9
1. Business Performance									
2. Environment	0.61								
3. IT Adoption	0.641	0.764							
4. IT Governance Maturity	0.311	0.631	0.29						

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5.IT Usage	0.53	0.689	0.721	0.344					
6.Market Capabilities	0.573	0.71	0.585	0.696	0.495				
7.Organisation	0.516	0.564	0.611	0.471	0.411	0.595			
8.Strategic Alignment	0.448	0.557	0.475	0.828	0.38	0.816	0.523		
9.Technology	0.531	0.593	0.812	0.293	0.514	0.516	0.648	0.437	

	1	2	3	4	5	6	7	8	9
6.Market Capabilities	2.062								
7.Organisation			1.238						
8.Strategic Alignment	1.854								
9.Technology			1.261						

Table 3: VIF for Collinearity Test

	1	2	3	4	5	6	7	8	9
1.Business Performance									
2.Environment			1.189						
3.IT Adoption						1			
4.IT Governance Maturity								1	
5.IT Usage	1.159								

C. Structural Model

Table 4 shows the results of the hypotheses developed in the literature review section. Based on the result, it shows that there were two hypotheses rejected. The rejected hypotheses were H2 Organisation impact on IT adoption and H7 on the relationship between Strategic Alignment and Business Performance. The rest of the hypotheses were accepted and showed that the hypothesised paths were in line with the TOE framework.

Table 4: Path Coefficient

Hypothesis	Path	Beta	Std Error	t-value	p-value	LL	UL	Decision
H1	Technology \rightarrow IT Adoption	0.393	0.086	4.596	P<0.005	0.245	0.523	Accept
H2	Organisation \rightarrow IT Adoption	0.152	0.095	1.599	0.055	-0.033	0.279	Reject
H3	Environment \rightarrow IT Adoption	0.289	0.087	3.343	P<0.005	0.105	0.407	Accept

Hypothesis	Path	Beta	Std Error	t-value	p-value	LL	UL	Decision
H4	IT Adoption -> Market Capabilities	0.388	0.136	2.857	0.002	0.112	0.58	Accept
H5	IT Governance Maturity -> Strategic Alignment	0.734	0.107	6.837	P<0.005	0.499	0.851	Accept
H6	Market Capabilities -> Business Performance	0.27	0.144	1.874	0.031	-0.019	0.484	Accept
H7	Strategic Alignment -> Business Performance	0.083	0.137	0.61	0.271	-0.167	0.312	Reject
H8	IT Usage -> Business Performance	0.317	0.124	2.565	0.005	0.154	0.529	Accept

6. CONCLUSION AND DISCUSSION

This study investigates the impact of Technology, Organisation, and Environment on performances, IT adoption, IT governance, IT usage, and Strategic Alignment on Business Performance. The findings show that Indonesian SMEs agreed that Technology and Environment play critical roles in IT adoption, IT usage, and IT governance. As many companies are now investing in technology, the industry in which SMEs are competing is becoming competitive. Respondents agreed that technology would be able to improve their business performance. In addition, respondents agreed that IT adoption, governance, and usage would foster the industry. The findings were supported by Katebi, Homami, and Najmeddin [47], where they found that TOE and the adoption and usage of IT can increase competitive advantage.

However, scholars believe that top management and strategy attention can also negatively influence when top management focuses on the company's economic stability and sustainability with the current situation [48]. Therefore, the results show that strategic alignment toward business performance through technology was not supported. The finding is interesting since TOE stated that organisation support would be able to improve the business performance, but the result of this study found otherwise. Perhaps the current finding is due to the COVID-19 pandemic, where the company's sustainability is more important. However, this ponders scholars to rethink the TOE framework because a study by Gui et al [44] found that organisation is more suitable as a mediating variable than an independent variable.

A. Limitations and Future Research

This study only studied SMEs in Indonesia that might not be able to reflect entirely on the technology adoption. Furthermore, due to the COVID-19 pandemic, the data collection is limited to 114 companies.

In order to overcome the limitations, it is recommended that the future research to focus on social network analysis to identify the relationship among companies adopting IT for business performance [45] [46].

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