ABSTRACT

MODELING OF INFORMATION TECHNOLOGY VALUE ON EMPLOYEE PERFORMANCE IN PT CARANO INTEGRATION TECHNOLOGY USING STRUCTURAL EQUATION MODELING METHOD BASED ON VARIAN MODELS

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Based on a literature study, a conceptual model of information technology adoption was obtained consisting of organizational readiness, national readiness, industry readiness and environmental influences. In this research, a model for adopting information technology was adopted using the Structural Equation Modelling (SEM) approach with the help of Partial Least Square (PLS) software. Structural Equation Modelling (SEM) is a multivariate statistical technique which is a combination of factor analysis and regression analysis (correlation), which aims to examine the relationships between variables in a model, be it between indicators with their constructs, or relationships between constructs. Information Technology is very important in running a business-related matter. This study conducted a relationship between IT value and company performance. This research methodology analyses several variables that form the relationship between IT value and company performance based on the Resource-Based View Theory. The results of the analysis in the IT Value Model use Variance-Based Structural Equation Modelling. Using simulation data and SEM application software, the conceptual model is tested. Testing consists of inner models, outer models, and hypothesis testing. Outer model testing is to test the relationship between reflective manifest variables and their constructs. This measurement model is assessed using reliability and validity. For reliability Cronbach's Alpha can be used. this value reflects the reliability of all indicators in the model. For validity there are two types in PLS SEM, namely convergent validity and discriminant validity. Testing the inner model can be evaluated by looking at the r-square (indicator reliability) for the dependent construct and the t-statistic value of the path coefficient testing. Hypothesis testing is used to test the effect of exogenous variables on endogenous variables. According to the test results, the model meets the criteria of model fit by variant-based SEM. So the hypothesis can be accepted. And, the concept of IT value engineering can be developed referring to the fit model as required by variant-based SEM. Likewise, for the results of this study that the hypothesis can be accepted also has a positive and significant effect on the relationship between variables.

Keywords*:* Resource-Based View ; *IT value; Structural Equation Modelling; outer model; inner model.*