## *ABSTRACT*

*This study examines the effect of implementation of total quality management and innovation strategy toward business performance through competitive advantage (empirical study in starhotelsofJakarta City). Data obtained from BPS Jakarta (2017), showed that there is a significant amount of growth in the numbers of star hotels in Jakarta during the last 10 years (2007-2016). Moreover, the data from pre-survey interviews with several hotel managers in Jakarta shows that the performance of the hotel business has declined in recent years due to an increase in the number of hotels that tighten competition.*

*The population of this study are the owners or managers from star hotels in Jakarta which consists of 232 hotels. This study used census and the data are collected by distribute the questionnaires to the respondents. But with some limitations on the number of respondents obtained only 138 respondents.The analytical technique used is Structural Equation Modeling (SEM) that runs by AMOS.*

*From the hypothesis testing, there are some conlusions that can be concluded. First, there are positive significant effect of implementation of competitive advantage on business performance. Second, there are positive significant effect of implementation of total quality management and innovation strategy on business performance. Third, there are positive significant effect of implementation of total quality management and innovation strategy on competitive advantage.*



*Keywords: business performance, competitive advantage, total quality management, innovation strategy.*



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