

ABSTRACT

Business performance is one of the most important constructs in doing business and is usually considered the end product of a plan. This research is useful for analyzing the variable gap between market orientation and business performance. This study uses the resource advantage theory of competition as a theoretical basis for conducting analysis. The sample for this research is the owner and manager of a micro/local brand business in the fashion sector and has been established for at least 2 years. The sample used was 243 respondents with data collection techniques using a questionnaire. This research is a quantitative research using the analysis technique used to analyze the data is Structural Equation Modeling (SEM) using the AMOS program.

In accordance with the data analysis, the results obtained are all hypotheses are accepted, namely: market orientation has a positive effect on absorptive capacity; absorptive capacity has a positive effect on business performance; absorptive capacity has a positive effect on new product development; business model innovation has a positive effect on new product development new product development has an effect on business performance.

Keywords : *market orientation, absorptive capacity, business model innovation, new product development, business performance, resource advantage theory of competition.*

