

## **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.***