

## **ABSTRACT**

*Warung burjo is a type of micro culinary business that is highly popular, especially among university students, due to its simple menu, affordable prices, strategic locations, and atmosphere that supports daily activities. In Semarang City, the number of warung burjo continues to grow; however, most are still managed informally, leading to various challenges in maintaining quality and Business Performance.*

*This study aims to analyze the effect of Total Quality Management (TQM) on Business Performance, with Competitive Advantage as a mediating variable. The research uses a quantitative approach and involves 250 respondents who are owners of warung burjo in Semarang City that have been operating for at least two years. Data were collected through questionnaires and analyzed using Structural Equation Modeling (SEM) with the help of AMOS software.*

*The results of the study indicate that Total Quality Management (TQM) has a significant and positive effect on both Competitive Advantage and Business Performance, suggesting that the implementation of TQM can directly enhance a company's competitiveness as well as its Business Performance. Furthermore, Competitive Advantage also exerts a significant and positive influence on Business Performance, indicating that stronger competitive capabilities contribute to improved business outcomes. Beyond the direct effects, TQM also has an indirect effect on Business Performance through Competitive Advantage, demonstrating that part of TQM's impact on Business Performance occurs via the enhancement of Competitive Advantage. Overall, these findings emphasize that TQM serves as a key factor in driving Business Performance both directly and indirectly, while Competitive Advantage acts as an intermediary that strengthens this effect.*

**Keywords:** *Total Quality Management, Competitive Advantage, Business Performance*

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