

## **ABSTRACT**

The emergence of competition in the business world is unavoidable. With the competition, the company - the company faces a number of opportunities and threats that come from abroad and domestic. Increasing competition in the company must understand what and how to manage its resources. An important key to win the competition lies in the ability of companies to create competitive advantage. Based on this phenomenon, this study aims to examine the role of market orientation and entrepreneurial orientation in building competitive advantage and business performance.

The data on market orientation, entrepreneurial orientation, competitive advantage and business performance is obtained through interviews using a questionnaire. The questionnaire was answered by the owner or manager of tapioca flour processing SMEs in Ngemplak Margoyoso Kidul Pati regency. Data were analyzed by using Analysis of Structural Equation Modeling (SEM).

Statistical tests showed that the market orientation proved positive and significant effect on entrepreneurial orientation; market orientation and entrepreneurial orientation proved positive and significant impact on competitive advantage; market orientation, entrepreneurial orientation, and competitive advantage proved positive and significant impact on business performance.

**Keywords: market orientation, entrepreneurial orientation, competitive advantage, business performance**