

## **ABSTRACT**

*The purpose of this research is to test the influences of environmental observation and market orientation on service quality to increase competitive advantage, and the influences of organization culture on competitive advantage . Using these variables, the usage of these variables are able to solve the arising problem within PT. Blue Gas Indonesia Merek Vienta Area Jawa Tengah.*

*The samples size of this research is 140 employee PT. Blue Gas Indonesia Merek Vienta Area Jawa Tengah. Using the Structural Equation Modeling (SEM).*

*The results show that the environmental observation and market orientation on service quality to increase competitive advantage and organization culture on competitive advantage. The effect of environmental observation on service quality are significant; The effect of market orientation on service quality are significant; The effect of service quality on competitive advantage are significant; and The effect of organization culture on competitive advantage are significant.*

*Keywords: environmental observation, market orientation, service quality, competitive advantage, and organization culture.*