

**THE EFFECT OF MARKET ORIENTATION AND INNOVATION ON
BUSINESS PERFORMANCE MEDIATED BY COMPETITIVE
ADVANTAGE ON IKM BAMBOO CRAFTS IN BANTUL**

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ABSTRACT

This study aims to determine the role of competitive advantage in mediating the effect of market orientation and innovation on business performance. This type of research is quantitative research. The method used is the Structural Equation Model (SEM) method with the help of SmartPLS 4.0 software. The population in this study were business actors in bamboo craft SMEs in Bantul. The sampling technique in this study used a census, as many as 34 IKM Bamboo Crafts in Bantul. Data obtained from distributing questionnaires. The results show that competitive advantage is able to mediate the effect of market orientation and innovation on business performance. Bamboo handicraft business actors are expected to be able to optimize coordination between lines of workers and optimize market innovation related to online transactions so that their products are recognized by a wider market, because online transactions are important at this time in the development of business actors so that their businesses are able to compete and continue to grow and have an impact on business performance improvement.

Keywords: Market Orientation, Innovation, Competitive Advantage and Business Performance