

# The Effect of Business Strategy on Business Performance Mediated by Competitive Advantage (Case Study on SMEs Gudeg WJL Community)

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## Abstract

*This research aims to analyze the direct business strategy on business performance, as well as its through the mediation of competitive advantage in study case of the owner that join in Gudeg WJL SME Community (not the real name). This study falls under quantitative research, using census sampling as the chosen method. The population consists all of owner who joined in Gudeg WJL SME Community, with total of 50 people. Data collection was conducted in November till December 2023 through survey with questionnaire. SmartPLS 3.2.9 was used as the data analysis method, and the test results indicate that all four variables (two predictor and one mediators) effectively explain the criterion construct. The study found that business strategy has a positive and significant direct influence on business performance and competitive advantage. Then, competitive advantage has a positive and significant direct influence on business performance. Lastly, business strategy indirectly influence on business strategy that mediated by competitive advantage with the results is positive and significant too. In conclusion, this research shows that business strategy has a influence on business performance through competitive advantage as a mediator.*

**Keywords:** Business performance, Business strategu, Competitive advantage

## Introduction

The city of Yogyakarta, known as a hub for students and tourism, is also gaining attention in the culinary world as the city of gudeg. Although gudeg is not exclusive to Yogyakarta, the city has successfully associated its identity with this traditional dish. Its growth as a student city and tourist destination has become a magnet for entrepreneurs looking to develop or start businesses there. However, in this competitive era of globalization, business competition is increasingly fierce. Every business actor must understand market changes, consumer preferences, and other shifts to stay relevant. This intense competition is also felt by Small and Medium Enterprises (SMEs), which are required to have high competitiveness to survive and grow in the market. In the gudeg sector, especially for SMEs that are part of the Gudeg WJL SME Association (not the real name), improving product quality and services is crucial to compete with competitors.

SME business performance is important to discuss because it is related to the continuity and sustainability of its business in the future. Performance can be interpreted as the result of cooperative efforts between members or components to achieve company goals, such as physical resources, human resources, financial

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resources, and managerial capabilities. In addition to company planning. These goals are achieved in various ways, one of which is through the use of business strategy planning. A company can be more systematic in its development by using business strategic planning, and this can result in a greater proportion of organizational activities being devoted to achieving the goals set in the planning stage, that is, the organization becomes more focused (Kumar, 2015).

Strategic planning provides benefits for businesses to boost performance, according to his research. Without business efficiency, operating small and medium-sized enterprises are considered incapable of making profitable contributions to management and stakeholders. Business efficiency is often ignored by small and medium enterprises, even to determine the level of success in carrying out their activities, it is necessary to know how these activities are carried out.

In addition to choosing the right business strategy, the role of competitive advantage factors also needs to be considered. According to Uchegbulam (2015), SMEs have the ability to survive in a competitive environment. Therefore, it is recommended that they use Porter's generic strategy, which is considered the most competitive approach. Generic strategies are usually used as a theoretical framework to identify strategic clusters within an industry. If the owners of the gudeg SMEs here can effectively choose the right approach to market analysis, the company can easily establish a competitive advantage in the competitive market.

There is a strong correlation between a company's performance and its competitive advantage. In other words, there is a positive correlation between business strategy through competitive advantage and its business performance, where higher performance leads to a stronger competitive position. On the other hand, when a firm's performance decreases, its competitive advantage decreases.

By considering the problem of intense competition in the gudeg industry, researchers are interested in conducting research which is expected to make business actors who are members of the Gudeg WJL UKM Association, able to compete and provide higher quality products and services than their competitors.

## **Literature Review**

### ***Business Performance***

Performance can be defined as an evaluation of the level of achievement of results in the implementation of an activity, program, or policy in achieving the goals, objectives, vision, and mission of the organization, as articulated in the organization's strategic planning (Isbala, 2015). Performance refers to the comprehensive results of the work achieved and the successful achievement of the goals of the company or small and medium enterprises. The term "performance" relates to the level of achievement or achievement shown by small and medium enterprises (SMEs) over a certain period of time to achieve certain goals (Sabihaini, 2018). According to Daft (2010) performance is the organization's ability to achieve organizational tasks by utilizing its resources effectively and efficiently.

### ***Business Strategy***

Business strategy refers to a systematic approach or methodology used by a corporate entity to gain a competitive advantage over other firms operating in the same industry (Porter, 1980). According to Porter (1980), business strategy is an approach suitable

for small and medium-sized enterprises (SMEs) operating in conditions of uncertainty or dynamic competition, with the aim of outperforming industry competitors. Pearce and Robinson (2007) formulated in their research stated that business strategy planning refers to a systematic process of establishing missions, goals, strategies, and rules that control the acquisition and distribution of resources with the aim of achieving organizational goals.

### ***Competitive Advantage***

Competitive advantage refers to the strategic position that a company achieves in the competitive landscape of a particular industry (Porter, 1980). The achievement of competitive advantage stems from strategic decisions made by the firm to capitalize on opportunities in the market as stated by Friesenbichler, K., Reinstaller, A., (2022). As stated by Kotler (2005), competitive advantage refers to the ability to outperform competitors by offering superior consumer value, either through lower prices or by providing additional benefits that justify higher prices.

### ***Hypothesis Development***

#### **Influence of Business Strategy to Business Performance**

According to Arasa's research (2012), there is a strong correlation between strategic planning and performance. This finding shows that all stages of strategic planning have a good relationship with performance. The implementation of strategic planning offers advantages in improving performance. Strategic planning serves as a facilitator tool for efficient budget development, directs managers towards the implementation of predetermined strategies, optimizes resource allocation, provides a framework for the implementation of short-term actions, and reduces the scope of alternative plans. Sabihaini and Prasetyo (2018), there is a positive effect of resource quality on company performance. Furthermore, Kumar, (2015). In stating that business strategy planning provides benefits to an effort to improve performance. Strategic planning can sharpen the focus of the organization so that all organizational resources can be optimized, in order to optimize resources and ultimately have an impact on business performance.

**H1.** Business strategy has a positive and significant effect on business performance

#### **Influence of business strategy to competitive advantage**

According to Anyieni's research (2014), successful businesses have the ability to forecast and effectively navigate environmental turbulence by using strategic planning. Strategic plans are created with the aim of achieving the organization's competitive goals, thus ensuring the realization of its mission. Companies that can create sustainable competitive advantages not only depend on the strengths of the company, but also strive to design strategies that cover all aspects (Henaulu, Ardian, Ely, 2021). SMEs must adopt strategic management practices to remain competitive and come up with appropriate objective mechanisms to ensure that deviations from the original plan are corrected, and that responsive strategies or plans impact changes in the business environment so that ultimately business strategies will affect competitive advantage.

**H2.** Business strategy has a positive and significant effect on competitive advantage

### **Influence of competitive advantage to business performance**

According to Kago's study (2018), it is imperative for businesses to prioritize the implementation of competitive strategies to improve organizational performance. This can be achieved by expanding the customer base, improving asset quality, improving service quality, and growing market share. According to Omari (2016) in his research, the effect of competitive strategy on the performance of private hospitals in Kissi District was examined, and it was found that the implementation of accepted plans leads to improved performance.

The above studies are in line with Kotler's theory (2005), which states that competitive advantage refers to the ability to outperform competitors by offering superior consumer value, either through lower prices or by providing additional benefits that justify higher prices and the importance of SMEs to pay attention to the market will lead to strengthening the company's competitive advantage which has an impact on performance.

**H3.** Competitive advantage has a positive and significant effect to business performance

### **Influence of business strategy to business performance that mediated by competitive advantage**

According to research conducted by Natasha (2013), it was found that there is an indirect relationship between strategic planning and firm performance, specifically through the mediating factor of competitive advantage. By conducting continuous assessment and evaluation of the strategic plan that has been implemented, the organization can improve its ability to produce products of superior quality and performance, thereby improving its overall performance. This, in turn, includes operational performance, which includes meeting customer demands and requirements to remain competitive in a competitive market in all business plans that result in superior performance.

**H4.** Business strategy has a positive and significant effect on business performance which is mediated by competitive advantage

The conceptual framework based on the theoretical foundation and the development of hypothesis can be seen in Figure 1.

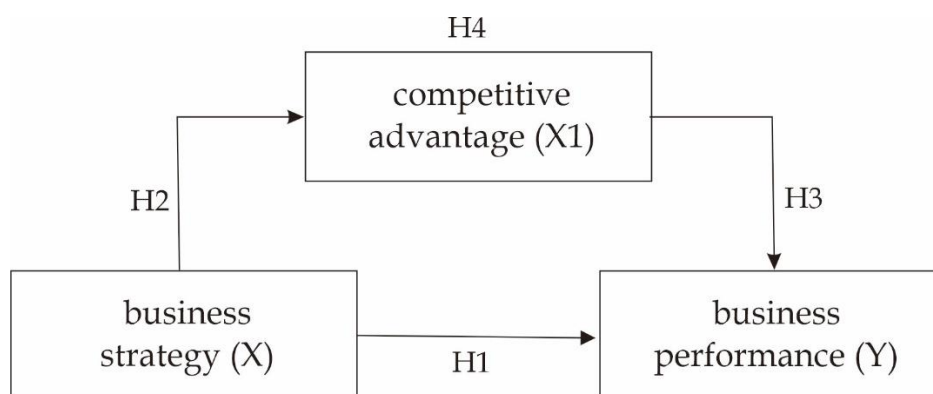


Figure 1. Conceptual Framework

Table 1. Definition and Indicators of Variables

Variable	Variable Definition	Indicators
Business Performance (BP)	Performance is the level of achievement obtained by SMEs in a certain period (one year).  Sabihaini, (2018)	1. Return of Asset 2. Profit growth 3. Sales growth 4. Market share growth  Sabihaini & Prasetyo (2020), Sabihaini et al (2023), Sabihaini, et al (2024)
Business Strategy (BS)	Competitive advantage is an advantage over competitors that is obtained by offering lower value or by providing greater benefits because the price is higher.  Kotler (2018)	1. Product uniqueness 2. Product quality 3. Competitive price  Irfanunnisa, Hartanty, & Ratnawati (2013)
Competitive Advantage	Business strategy is the process of determining the mission, goals, strategies and policies that govern the acquisition and allocation of resources to achieve organizational goals.  Fatchuroji, Sabihaini, & Sutiono, (2020).	1. Employee skills and competencies, 2. Product market strategy 3. Competitive products 4. Good service quality 5. Low price strategy  Latifah, Setiawan, Aryani, Rahmawati. (2020)

## Methods

### *Sample and Procedures*

The sampling technique to determine the sample to be used in this study uses the census method with a questionnaire survey instrument as stated by Sekaran & Bougie (2017). According to Sugiyono (2018), the census or total sampling method is a sampling technique when all members of the population are sampled. Research conducted on populations under 100 should be done with a census so that all members of the population are sampled as subjects to be studied or as respondents to provide information, the sample in this study were SME owners who were members of the Gudeg WJL Association as many as 50 people from the census, which is the rate of questionnaire returned is 100%.

### *Measures*

**Business Strategy** is measured using 14 statements using 5 points Likert Scale from strongly disagree (1) to strongly agree (5). All the statements are valid, with the value of alpha is 0,952 (reliable).

**Business Performance** is measured using 8 statements using 5 points Likert Scale from strongly disagree (1) to strongly agree (5). All the statements are valid, with the value of alpha is 0,939 (reliable).

**Competitive Advantage** is measured using 8 statements using 5 points Likert Scale from strongly disagree (1) to strongly agree (5). All the statements are valid, with the value of alpha is 0,924 (reliable).

The definition of variables and the indicators used in the instruments can be seen in Table 1.

## Data Analysis

Data is analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) include two stages: measurement model analysis (Outer Model) and a structural model analysis (Inner Model).

## Result and Discussion

### Characteristics Respondents

The characteristics of MSMEs are displayed in Table 2. Table 2 makes it clear that the majority of SME's that joined Gudeg WJL SME Community have been in business for fifteen to twenty years. In terms of gender, total of 50 people, the majority are female with 36 people or 72% on percentage. The rest are male.

Table 2. Characteristics of SME's

Age Of SME's	Number Of People	Percentage
5-10 year	6	12%
10-15 year	12	24%
15-20 year	17	34%
20-25 year	7	14%
30-35 year	5	10%
> 35 year	3	6%
<i>Total</i>	50	100%
Gender	Frequency	Percentage
Male	14	28%
Female	36	72%
<i>Total</i>	50	100%
Education Level	Number Of People	Percentage
SD	5	10%
SMP	7	14%
SMA	23	46%
D3	3	6%
S1	12	24%
<i>Total</i>	50	100%
Job Position	Number Of People	Percentage
Owner	36	72%
Manager	14	28%
<i>Total</i>	50	100%

*Source : Processed primary data, 2023*

The average of educational level are SMA or highschool, with 23 people and 46% percentage, the rest are SD, SMP, D3 and S1. Majority of the people who in charge in Gudeg WJL SME Community is Owner, with 36 people and 72%, the rest is manager.

### **Results of PLS Analysis**

The results of analysis of Partial Least Squares Structural Equation Modeling (PLS-SEM) include two stages: measurement model analysis (Outer Model) and structural model analysis (Inner Model) (Ghozali & Latan, 2011).

#### **Outer Model**

##### *Convergent Validity/Average Varaince Extracted (AVE)*

Convergent validity is done by comparing the outer model value (loading factor) with a value of 0.5. The rule of thumb for assessing convergent validity is that the loading factor must be more than 0.7, and the average variance inflation factor (AVE) value must be more than 0.5 (Ghozali & Latan, 2015). Based on the results of the calculation of convergent validity Table 3, it shows that the value of the items of business strategy, competitive advantage, business performance and competitive advantage is above 0.7 and declared valid.

Apart from looking at the outer loading value of each indicator, convergent validity can be seen from the AVE value. Variables are said to be valid if the AVE value is

Table 3. Outer Loading (Convergen Validity)

Business Strategy		Business Perfomance		Competitive Advantage	
Item	Loading	Item	Loading	Item	Loading
X.1.1	0.847	Y.1.1	0.789	Z.1.1	0.782
X.1.2	0.821	Y.1.2	0.859	Z.1.2	0.834
X.1.3	0.707	Y.2.1	0.869	Z.1.3	0.807
X.1.4	0.829	Y.2.2	0.803	Z.2.1	0.814
X.2.1	0.833	Y.3.1	0.885	Z.2.2	0.791
X.2.2	0.802	Y.3.2	0.826	Z.3.1	0.805
X.2.3	0.828	Y.4.1	0.820	Z.3.2	0.827
X.3.1	0.794	Y.4.2	0.844	Z.3.3	0.794
X.3.2	0.778				
X.3.3	0.794				
X.4.1	0.729				
X.4.2	0.739				
X.5.1	0.747				
X.5.2	0.742				

*Source: Primary Data Processed, 2023*

Table 4. Average Variance Extracted (AVE) Results

Variable	AVE	Criteria	Description
Competitive Advantage	0.651	> 0.5	Significant
Business Performance	0.701	> 0.5	Significant
Business Strategy	0.618	> 0.5	Significant

Source: Data Processing Results, 2023

Table 5. Cross Loading

Item	Competitive Advantage	Business Performance	Business Strategy
X.1.1	0.758	0.708	<b>0.847</b>
X.1.2	0.742	0.709	<b>0.821</b>
X.1.3	0.671	0.570	<b>0.707</b>
X.1.4	0.673	0.687	<b>0.829</b>
X.2.1	0.700	0.765	<b>0.833</b>
X.2.2	0.799	0.647	<b>0.802</b>
X.2.3	0.726	0.639	<b>0.828</b>
X.3.1	0.748	0.817	<b>0.794</b>
X.3.2	0.690	0.687	<b>0.778</b>
X.3.3	0.687	0.645	<b>0.794</b>
X.4.1	0.781	0.701	<b>0.729</b>
X.4.2	0.699	0.618	<b>0.739</b>
X.5.1	0.688	0.680	<b>0.747</b>
X.5.2	0.656	0.771	<b>0.742</b>
Y.1.1	0.744	<b>0.789</b>	0.762
Y.1.2	0.754	<b>0.859</b>	0.750
Y.2.1	0.736	<b>0.869</b>	0.740
Y.2.2	0.695	<b>0.803</b>	0.714
Y.2.3	0.736	<b>0.885</b>	0.756
Y.3.1	0.686	<b>0.826</b>	0.770
Y.3.2	0.741	<b>0.820</b>	0.681
Y.4.1	0.750	<b>0.844</b>	0.719
Y.4.2	<b>0.782</b>	0.681	0.704
Z.1.1	<b>0.834</b>	0.715	0.698
Z.1.2	<b>0.807</b>	0.762	0.830
Z.1.3	<b>0.814</b>	0.635	0.715
Z.2.1	<b>0.791</b>	0.699	0.759
Z.2.2	<b>0.805</b>	0.625	0.741
Z.3.1	<b>0.827</b>	0.675	0.754
Z.3.3	<b>0.794</b>	0.820	0.678

Source: Data Processing Results, 2023



above 0.5 (Ghozali & Latan, 2015). Based on Table 4, the AVE value generated by all variables is above > 0.5 so that it meets the requirements of convergent validity.

The second validity test uses by looking at the value of the cross loading results. The Cross Loading value can be said to be accepted if the Cross Loading value on all variable items is greater than the value of other constructs. As can be seen in Table 5, each indicator's cross loading value on the research variable is higher than its cross loading value when it comes to the impacted variable. The data results demonstrate that the discriminant validity of the indicators utilized was well satisfied.

To test the reliability of variable data, it can be seen from the composite reliability value in Table 6. Is a variable that has a composite reliability value of > 0.7 (Ghozali & Latan, 2015), then the variable is declared reliable. Each variable must have a composite reliability above 0.7, it can be concluded that all statements used are reliable.

The reliability test was also carried out using the Cronbach alpha value. A variable is declared reliable if it has a Cronbach alpha value greater than 0.7. The results of testing the Cronbach alpha value. Table 7 shows that the Cronbach alpha value on all variables is greater than 0.7. Based on these results, it shows that the Cronbach alpha value of the research variables has met the value limit, it can be concluded that all research variables have a high level of reliability.

### Inner Model

Structural model evaluation is carried out using two analyses, namely r-square and t-statistics. The output results of the Partial Least Square (PLS) PLS 3.2.9 test tool found the results of the bootstrapping value with a sample of 50 resulting in the estimated value and probability (p-value) shown in Figure 2. The results of this inner weight show the correlation between variables that form a hypothesis.

Table 8 shows that the coefficient of determination (R-square) obtained from the competitive advantage variable model is 0.833 and 0.804 for the business performance variable. This shows that the competitive advantage variable can be influenced by business strategy and business performance variables by 83.3%, while the remaining 16.7% is influenced by other variables that are not examined. Then the business performance variable can be influenced by business strategy variables and competitive advantage by 80.4%, while the remaining 19.6% is influenced by other variables not examined.

Table 6. Composite Reliability

Variable	Criteria	Composite Reliability
Competitive Advantage	> 0.7	0.937
Business Performance	> 0.7	0.949
Business Strategy	> 0.7	0.958

*Source: Data Processing Results, 2023*

Table 7. Cronbach Alpha

Variable	Cronbach Alpha Value
Competitive Advantage	0.924
Business Performance	0.939
Business Strategy	0.952

*Source: Data Processing Results, 2023*

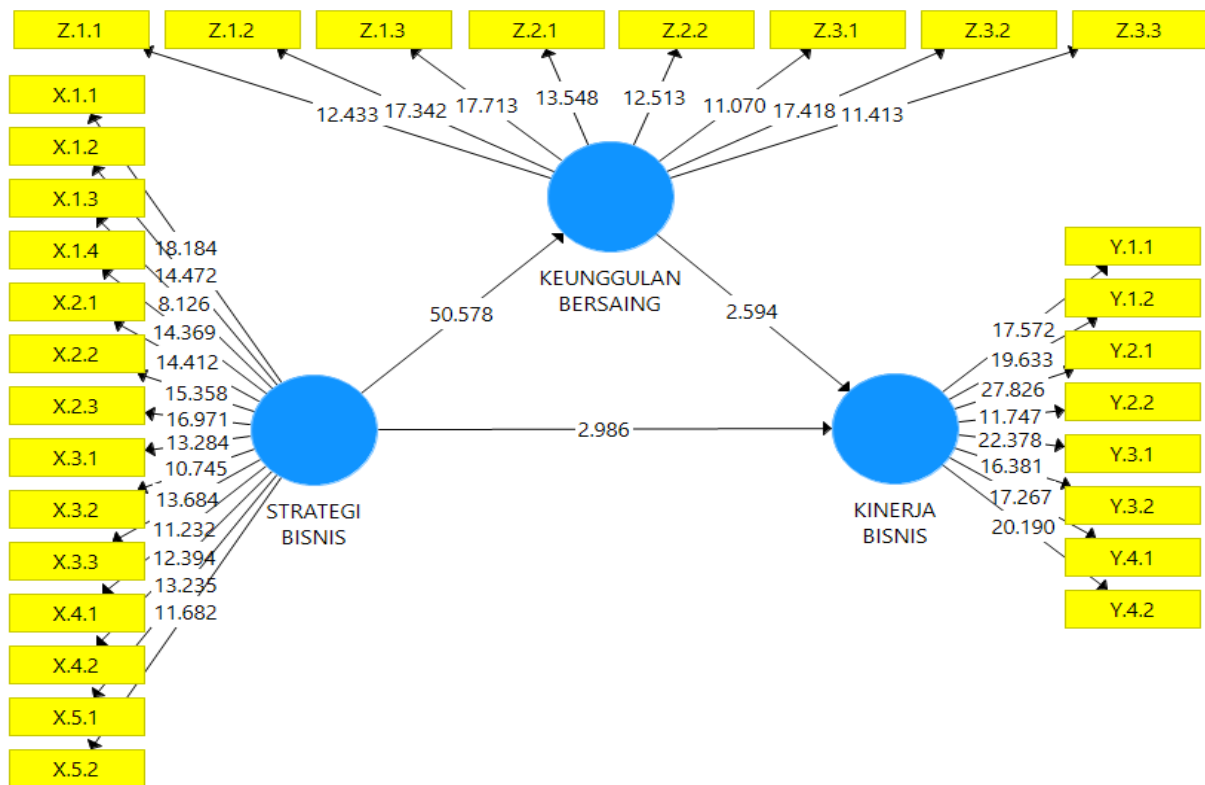


Figure 2. PLS Model Results

Table 8. R-Square

Variable	R-square	Composite Reliability
Competitive Advantage	0.833	0.829
Business Performance	0.804	0.795

Source: Data Processing Results, 2023

Table 9. Direct Influence Between Variable

Relation Between Variable	Original Sample (O)	Sample Mean	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values	Explanation
Competitive Advantage -> Business Performance	0.414	0.433	0.154	2.691	0.005	Significant
Business Strategy -> Competitive Advantage	0.912	0.918	0.020	45.453	0.000	Significant
Business Strategy -> Business Performance	0.503	0.486	0.163	2.933	0.002	Significant

Source: Processed Data, 2023

Table 10. Indirect Influence Between Variable

Relation Between Variable	Original Sample (O)	Sample Mean	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values	Explanation
Business strategy -> Competitive Advantage -> Business Performance	0.377	0.399	0.146	2.587	0.005	Significant

Source: Processed Data, 2023

### Hypothesis Testing Results (Inner Weight)

Hypothesis testing in this study was carried out by looking at and reviewing the t-statistic value and p-values. These values can be seen through the bootstrapping test results through the SmartPLS application. The research hypothesis is accepted if the p-values <0.05 Inner model testing is carried out to see the relationship between variables with the R-square value. The R-square value is used to assess the effect of the independent variable on the dependent variable

The hypothesis will be declared accepted if it has p-values <0.05 (Hair et al., 2011). Based on table 9, it can be seen that in the line 1 the original sample value is 0.414 with the significance value of 0.000. This shows that the competitive advantage variable has a positive and significant effect on the performance of SMEs Gudeg WJL Society. Based on this, it can be stated that hypothesis 1 is supported. In the line 2, value of original sample is 0.912 with the significance value of 0.000. This shows that business strategy has a positive and significant effect on competitive advantage of SMEs Gudeg WJL Society. So, Hypothesis 2 is supported. In line 3, value of original sample is 0.503 with the significance value of 0.002. This shows that the business strategy has a positive and significant effect on the performance of SMEs Gudeg WJL Society. It means that Hypothesis 3 is supported.

Hypothesis 4 said that business strategy has a positive effect on business performance mediated by competitive advantage in UKM Paguyuban Gudeg WJL. Based on Table 10, regarding the hypothesis test, it is known that the original sample value is 0.377. So it can be interpreted that the positive original sample value have a positive effect.

### Discussion

#### Business strategy affects business performance

Based on the results of testing hypothesis one shows that business strategy has a positive and significant effect on the business performance of SMEs Gudeg WJL Paguyuban. This means that the higher the ability of business strategy owned by SMEs Gudeg WJL Paguyuban, the performance of SMEs Gudeg WJL Paguyuban will increase. This means that this result can be a parameter that if the owners of SMEs Gudeg WJL Paguyuban apply the right business strategy to improve business performance. This condition shows that the owners can design business strategies that can improve the competitive

position of the company's products or services in market competition. The more accurate the business strategy implementation, the better the organization's business performance. Major changes in the gudeg industry force SME owners of Paguyuban Gudeg WJL to face competition, production that demands fast and cheap, product marketing that is limited to specialty foods, skilled employee management, and transactions between customers that must be maintained in order to make repeat purchases and the company. Therefore, business organizations must be fast and efficient in adjusting to these changes so that the performance of SMEs Gudeg WJL Paguyuban remains optimal and reaps large profits.

The results of this study are in line with previous research conducted by Ida Farida, Doddy Setaiwan (2022) where previous findings also state that business strategy has a positive effect on business performance. This is reinforced by the theory stated by Porter (1980), business strategy is a suitable approach applied to small and medium enterprises (SMEs) that operate in conditions of uncertainty or dynamic competition, with the aim of outperforming industry competitors.

### **The Effect of Business Strategy on Competitive Advantage**

Business strategy has a positive and significant effect on competitive advantage. Companies that implement the right business strategy can certainly compete with other competitors, so that the survival of the organization can last in the long term. Without product uniqueness, product quality and competitive prices gudeg will only be a typical souvenir food of Yogyakarta City. Therefore, the owners of UKM Paguyuban Gudeg WJL make their products with a distinctive taste that cannot be found in other competitors, as well as quality that continues to be maintained but at a price that is adjusted to the intended segment. The effect of competitive advantage on business performance.

The results of this study are in line with previous research conducted by Acep Fachturoji, Sabihaini, Heru Tri Sutiono (2020) which where previous findings also state that business strategy planning has a positive and significant effect on competitive advantage. This is reinforced by the theory by Henaulu, A.K., Ardian, S., Ely, A.J., (2021) Strategic plans are made with the aim of achieving the organization's competitive goals, thus ensuring the realization of its mission. Companies that can create a sustainable competitive advantage not only depend on the strengths of the company, but also strive to design a strategy that covers all aspects of the company.

### **The Effect of Competitive Advantage on business Performance**

Based on the results of hypothesis three testing, it shows that competitive advantage has a positive and significant effect on business performance. Without competitive advantage, the SME owners of Gudeg WJL Paguyuban will only be able to enjoy normal profits, which is the level of profit that can be expected from other investments that have the same level of risk. Companies that can create sustainable competitive advantages not only rely on the strengths of the company, but also strive to find the weaknesses of competitors to find gaps that can be filled with the advantages of their business in all aspects of competition.

The results of this study are in line with previous research conducted by Fachturoji, Sabihaini, & Sutiono (2020), the better the degree of competitive advantage of SMEs, the better the performance of SMEs. The above results are reinforced by Kotler's theory (2005), which states that competitive advantage refers to the ability to outperform competitors by offering superior consumer value, either through lower

prices or by providing additional benefits that justify higher prices and the importance of SMEs to pay attention to the market will lead to strengthening the company's competitive advantage.

### **The Effect of Business Strategy on Business Performance Mediated by Competitive Advantage**

Based on the results of hypothesis four testing, it shows that business strategy has a positive effect on business performance mediated by competitive advantage. It can be concluded that the alignment of business strategies by always considering competitive advantage as an indicator to strengthen business performance is a strong foundation to survive and continue to reap profits in the Yogyakarta City specialty food market competition. With this foundation, the return on assets will be monitored so that there is no large depreciation of production value, profit and sales growth and market share that will continue to increase along with dynamic business development.

The results of this study are in line with previous research by Acep Fachturoji, Sabihaini, Heru Tri Sutiono (2020) where previous findings also state that business strategy planning has a positive and significant effect on SME performance through competitive advantage. This is reinforced by research conducted by Natasha (2013), which found that there is an indirect relationship between strategic planning and company performance, especially through the mediating factor of competitive advantage. By conducting continuous assessment and evaluation of the strategic plan that has been implemented, plus competitive advantage as a reference indicator to survive in market competition, organizations can improve their ability to produce products with superior quality and performance.

### **Conclusion**

Based on the results of research, data analysis and discussion, the following conclusions are obtained:

- ☑ Business strategy has a positive and significant effect on business performance.
- ☑ Business strategy has a positive and significant effect on competitive advantage.
- ☑ Competitive advantage has a positive and significant effect on business performance.
- ☑ Competitive advantage has a positive and significant effect as a variable that mediates the effect of business strategy on business performance.

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