

ABSTRACT

This study aimed to examine the effect of Supply Chain Management Practices and Innovation Capabilities on Business Performance in the Jepara Furniture Industry. The Competitive Advantage variable was used as an intervening variable to mediate and determine the indirect effect of supply chain management practices and innovation capabilities on business performance.

The population used in this research was Furniture SMEs with business premises in Jepara. The number of samples used was 130 Furniture SMEs which were taken using a purposive sampling method. The analytical method used was the Structural Equation Model (SEM) with AMOS as a data processing tool.

The results of the study showed that Supply Chain Management Practices and Innovation Capabilities had a significant positive effect on Competitive Advantage and Business Performance. In addition, Competitive Advantage also had a significant positive effect on Business Performance.

Keywords: Supply Chain Management Practices, Innovation Capability, Competitive Advantage, Business Performance