

ABSTRACT

This study aims to examine the influence of Intellectual Capital and Financial Literacy on business performance, with religiosity as a moderating variable, and its impact on competitive advantage. The batik industry is a priority sector in national economic development. In recent years, the batik industry's performance has declined due to various factors, both external and internal. One of the main challenges in developing the batik creative industry is the readiness of the industry's resources, namely Intellectual Capital and Financial Literacy, which need to be continuously developed to support the industry's progress. Based on this explanation, this study aims to prove that Intellectual Capital and Financial Literacy influence business performance. Religiosity is expected to mitigate the influence of Intellectual Capital and Financial Literacy on business performance. Furthermore, business performance is also hypothesized to influence competitive advantage.

The population in this study were managers or actors in the batik creative industry in Central Java. The sample size was determined using the Hair et al. approach, resulting in a sample size of 293 respondents. A purposive sampling technique was used for sampling. Data collection was conducted using a questionnaire. Prior to hypothesis testing, a pilot study was conducted to verify the validity and reliability of the questionnaire. Hypothesis testing used a multiple linear regression approach with the aid of Partial Least Squares software.

The results showed that Human Capital, Relational Capital, and Structural Capital influenced business performance, while Financial Literacy had no effect. Further results indicated that Religiosity moderated the influence of Human Capital, Structural Capital, and Financial Literacy on business performance, but did not moderate the influence of Relational Capital on business performance. Business performance was shown to have a significant influence on competitive advantage.

Keywords: *Intellectual Capital, Financial Literacy, Business Performance, Competitive Advantage, Religiosity*

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