

ABSTRACT

Lubricant industry became one of the strategic industries that experienced rapid growth, where demand for lubricant products increase every year. The owner of the largest current market share of lubricants, PT. Pertamina Lubricants has made a lot of efforts to increase the ability to increase sales performance by optimizing supply chain at the retailer level. However, the data indicates a decrease in sales volume of one brand of lubricant in one of the distributors. This is very contrary to the growth in the number of motor vehicles that should be directly proportional to the performance of lubricant sales. Therefore, this study was conducted to find out how to improve the performance of lubricant retailers PT. Pertamina Lubricant especially in Central Java and Yogyakarta.

This research was done by analyzing the factors that influence the performance of the company with the variables of supply chain management practices, supply chain responsiveness, firm capability and competitive advantage as intervening variable. This research developed a theoretical model by proposing five hypotheses to be tested using Structural Equation Modeling (SEM) as an analytical tool. Respondents from this research are Pertamina lubricant retailers amounted to 158 retailers spread in seven rayon in Central Java and Yogyakarta area.

The results of data processing by using SEM for theoretical model has met the Goodness of Fit as follows: Chi Square value = 108,161; $df = 111$, $p = 5\%$; Probability = 0,559; GFI = 0.929; AGFI = 0.902; TLI = 1,002; CFI = 1,000; RMSEA = 0,000. The processing result can be stated that the model is feasible to use. The results of this study indicate that firm performance can be improved with adequate supply chain management practices and competitive advantage, as well as firm capability to positively affect the firm's competitive advantage. However, the supply chain responsiveness don't have a positive effect on improving the company's performance.

Keywords: *Supply Chain Management Practices, Supply Chain Responsiveness, Firm Capability, Competitive Advantage, Firm Performance*