

ABSTRACT

This research takes the object of the photography business in the Semarang City. The research objective is to determine the intellectual capital, customer relations and product innovation on performance with competitive advantage as the mediator. The respondents in this research are 50 photography businesses in Semarang City. This study used partial least square (PLS) with the SMART PLS computer program. The results of this study indicate that the competitive advantage has an insignificant influence as a mediator between the intellectual capital and performance. However, competitive advantage shows a significant influence as a mediator between customer relationships and product innovation on performance.

This study also analyzes how the influence of the relationship between the latent variables under study. The results of this study state that the competitive advantage has no significant effect on the business performance while the intellectual capital has a significant effect on the competitive advantage and business performance. Moreover, the customer relationships have a significant effect on the competitive advantage and business performance while product innovation has a significant effect on competitive advantage and business performance.

Keywords: Competitive Advantage, Business Performance, Intellectual Capital, Customer Relations, Product Innovation