

ABSTRACT

This research was conducted based on the existence of a phenomenon in the form of a proliferation of types of industries that are developing, namely the creative industry. The creative industry has many sectors, one of which is the fashion sector. Batik is a traditional clothing that is included in the sector and is predicted to have great potential to be a pillar of the regional economy, especially Semarang City. In addition, this study is also based on the existence of research gaps in the form of inconsistencies in the relationship between innovation capability and intellectual capital as an independent variable towards competitive advantage and also company performance.

The purpose of this study is to build a conceptual model to bridge the research gap and provide an overview of whether the innovation capability and intellectual capital can influence the company performance as the dependent variable, and mediated by competitive advantage, as an intervening variable. This research was conducted by choosing the object of research in the form of a Batik business manager in Semarang City with a collected total sample of 133 samples. The analysis technique used to analyze the data in this study is the Structural Equation Modeling (SEM) technique using AMOS software.

From the results of the hypothesis testing, it can be proven that the innovation capability and intellectual capital has a positive influence on company performance through competitive advantage. The suitability index of the model fulfills the fit criteria and there are also those that included in the marginal criteria, indicated by the chi-square value of 192,700; probability value of 0.046; CMIN / DF 1,195; GFI value of 0.874; AGFI value of 0,836; TLI value of 0.978; CFI value of 0.981; and the RMSEA value of 0.038.

Keywords: Innovation Capability, Intellectual Capital, Competitive Advantage, Firm Performance