

Research Article

Innovation Capability Models to Improve the Competitiveness of Creative Industrial Products

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Naili Farida¹, Ari Pradhanawati¹, Mochamad Taufiq²

¹Department of Business Administration, Faculty of Social and Political Sciences, Universitas Diponegoro, Jl. Prof. H. Soedarto SH Tembalang, Semarang, 1269, Indonesia

²Doctoral Program in Social Science, Faculty of Social and Political Sciences, Universitas Diponegoro, Jl. Erlangga Barat 7, Semarang, 50241, Indonesia

Abstract

This study aims to build a model of innovation capability to increase the competitiveness of embroidery products in Jepara. The respondents in this study were 132 owners of embroidery SMEs. The sampling technique used was purposive sampling and the analysis technique employed Partial Least Square (PLS). Research results show a variety of knowledge, i.e., customer orientation has significant positive effect on innovation capability. Customer orientation and innovation capability significantly affect marketing performance, but competitive finance has no significant effect on marketing performance. In addition, the competitiveness of embroidery products is still low, so there is no impact on marketing performance. The competitive advantage of the product must be unique to the competitors' embroidery products that have not been able to improve the competitiveness of their embroidery products.

Keywords: *Knowledge Sharing; Competitive Advantage; Marketing Performance; Embroidery SMEs*

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Corresponding Author: faridanaili@ymail.com (Naili Farida)

INTRODUCTION

The development of information technology in product marketing, especially in the creative industry, is increasing rapidly; thus, the products can be nationally and internationally promoted. One of the SMEs sectors can absorb a workforce as much as 70%, in addition to the fact that Small and Medium Industries (IKM), which is part of SMEs, has a high contribution to the national economy of Indonesia, whose approximately several 10 million workers from 4.5 million business units.

Ferreras-Méndez et al (2021) and Ardyan, E. (2016) mentioned that the development of industry capability relates to the performance of creativeness and marketing performance. In addition, this classification of product and market innovation is closely related to the quality itself. The Government in 4.0 Industrial Revolution framework aims to enhance the national economy with the E-Smart of Small and Medium Industries known as IKM (local term: Industri Kecil dan Menengah) program to assist SMEs and IKM on product marketing via online marketplace. Furthermore, the Ministry of Industry (Kemenperin) has carried out various efforts in developing Small and Medium Industries (IKM) in the country by launching a program, e-Smart IKM, to provide training for the workshop activities of e-Smart IKM in 2018 which was attended by 3,450 business actors. The Program activity of e-Smart IKM is conducted by the Government cooperating with marketplaces, i.e., as Bukalapak, Tokopedia, Shopee, BliBli, Blanja.com, Ralali, and Gojek Indonesia to jointly market the products produced by small industries. The medium spans nine sectors focused on development within the scheme of e-Smart IKM program, including 1) food and beverage, 2) metals, 3) jewelry, 4) herbs, 5) cosmetics, 6) fashion, 7) crafts, 8) furniture, and 9) other creative industries.

Jebara has a great potential to be developed, i.e., small and medium industries focusing on creative industries namely embroidery crafts which has grown rapidly. However, most activities in marketing aspect are still using conventional marketing. Thus, it is necessary to improve the marketing performance of SMEs actors regarding online marketing via marketplaces to reach the national and international markets. SMEs are growing rapidly in Central Java Province. Such improvement in this sector leads to the absorption of a great number of the workforce and thus the production value is relatively improved. Rapid increase in the SMEs growth compared to other major industries is described in this following data. Based on SMEs data in Central Java, total exports in 2015 amounted to US\$5.374.70 million including 5,261.66 million from non-oil exports and US\$113.04 million from oil and gas exports. Furthermore, the role of non-oil commodities to total exports in Central Java gave the largest number as much as

97.90 percent. The largest non-oil and gas sector was from a textile commodity or embroidery reaching US \$2.29 billion or it contributed 42.61 percent to the total value of Central Java embroidery export that increased by 6.71 percent higher than that in 2014 (BPS, 2016).

State of the art

The concept of knowledge sharing was stated by Ardichvili, Maurer, Li, Wentling, & Stuedemann (2006), information sharing capabilities. There are many factors that affect the structure of organization, social capital, culture, technology, both aspects of behavior and external to various information, i.e., organizational performance with 4 perspectives of financial, consumer, business process and learning and the fourth growth of the concept refers to the balance scorecard. Findings of research conducted by Schauer, Vasconcelos, & Sen (2015) stated that the study of the holistic framework for the sharing of information in organizations is called ShaRinK (Sharer, Relations, Institution and Knowledge). There are four main categories:

1. The form of individual perspective attitudes and characteristics are divided.
2. The relationship between knowledge divider.
3. The institution acts as a unified entity on the perception of knowledge divider.
4. The test itself has a synergistic effect.

Innovation Capability

The concept of innovation capability is defined as the ability to generate new ideas resulting in higher performance, creating new opportunities, improving future capacity, technology leadership and improving knowledge base through technology management (Kim & Shafi'i, 2009). Furthermore, Wonglimpiyarat (2010) explained that the capability of innovation is an ability to make major improvements and modifications of existing technology and to create new technology. Meanwhile, Laforet (2011) stated that innovation is the availability of resources, collaborative structure and process to shed problems.

Competitive Advantage

The Concept of competitive advantage according to Halawi et al. (2005) stated that the success of the company to achieve a competitive advantage depends on the company's decline build and exploit the main competence or core competencies. The achievement of sustainable competitive advantage is obtained by adjusting the attributes that HCV from customers with the company's competency ability (Liu, 2013). In addition, competitive advantage can be seen from

the superiority of organizational resources, competency ability, experience and the four core dimensions of Q. Skill, Knowledge, technology and values (Carmeli & Cohen, 2001).

Customer Orientation

The concept of customer orientation involves measuring the speed in responding customers, responding to products, responding customer and market necessities (Grizzle, Zablah, Brown, Mowen, & Lee, 2009). In addition, Agrawal (2012) stated that the customer orientation measurement includes 1. Customer knowledge; 2. Customer Responsivity; 3. Market offer; 4. Dynamic market; 5. Networking partners and 6. Demand chain. Moreover, the research finding of a study by Westjohn, Singh, & Magnusson (2012) focused on the measurement of the response to the customer which should be able to identify the consumer necessities based on the element of culture of purchase locally and globally.

Marketing Performance

The concept of marketing performance is the result of a strategic marketing activity of a company. Marketing performance is defined as the ability to achieve marketing objectives (Solcansky & Simberova, 2010). Furthermore, Thomas & Hunger (2012) proposed that the performance's company relate on successful activity itself that has a level of performance as well as collected activity. Moreover, marketing performance is measured through: 1. Sales volume Level; 2. Customer growth; 3. Sales growth rate 4. Profit level, and 5. Market expansion levels (Matanda & Ndubisi, 2009). Al-Khaffaf & Abdellatif (2013) stated that there are 5 concepts of marketing performance, namely high sales growth, customer-centered, sales volumes advantaging, the success of maintaining customers and activities in attracting new customers.

For further understanding of variables and research indicators can be seen in table 1 below. Research Hypotheses:

1. Hypothesis 1: Knowledge Sharing effect on innovation capability.
2. Hypothesis 2: Customer orientation effects on the innovation capability.
3. Hypothesis 3: Customer orientation effects on marketing performance.
4. Hypothesis 4: Innovation capability effects on competitive advantage.
5. Hypothesis 5: Innovation Excellence orientations effect on marketing performance.
6. Hypothesis 6: Competitive Advantage effects on marketing performance.

Table 1. Variables and Research Indicators

No	Variables Names	Indicators	Sources
1.	Knowledge Sharing	<ul style="list-style-type: none"> a. Share knowledge of business activity documents b. Knowledge sharing related to business regulation c. Knowledge sharing related to business experience. d. Knowledge sharing related to industry expertise 	Cummings (2004) and Wang & Wang (2012)
2.	Innovation Capabilities	<ul style="list-style-type: none"> a. Innovation capability b. Marketing innovation capability c. Marketing innovation process d. Marketing innovation on a business 	Chang, Y. C., Chang, H. T., Chi, H. R., Chen, M. H., & Deng, L. L. (2012) and Cabral, J. de O. (2010)
3.	Competitive Advantages	<ul style="list-style-type: none"> a. Having skilled employees b. Having superior knowledge c. Using the best management d. Creating new values 	Leonard-Barton, D. (2011)
4.	Marketing Orientation	<ul style="list-style-type: none"> e. Using new technology a. Rapidity on the customer b. Rapidity in providing service c. Responding to Customer preferences d. Quality product creation e. Rapidity in responding price change 	Kohli, A. K., & Jaworski, B. J. (2012)

No	Variables Names	Indicators	Sources
5.	Marketing Performance	<ul style="list-style-type: none"> a. High sales growth b. Satisfied customers c. The advantage of sales volume d. Success in retaining customers e. Activity attracting new customers runs effectively 	Al-Khaffaf, M. M., & Abdelatif, H. J. (2011) and Sayed Soliman, H. (2011)

Source: Source: *Primary Data Managed, 2019*

It is assumed that the better knowledge sharing among SMEs owners will lead to the higher capacity of innovation including the ability to produce new ideas resulting in higher performance, creating new opportunities, increasing the capacity of the future, and technological leadership in Table 1. Studies on the role of knowledge sharing on innovation capabilities show that knowledge sharing affects the capacity of innovation Rahab, Sulistyandari, & Sudjono (2011). Knowledge can be spread, implemented, and developed through the development of knowledge sharing. According to Lin (2007), the capability of innovation and knowledge sharing among organizational members tend to produce new ideas for developing process and product innovations (Mehrabani & Shajari, 2012).

Innovation is a solution to the condition of a business competition which is always dynamic, where the business environmental conditions are always changing rapidly. Gray & Gonsalves (2002) said that the capabilities of the company must be superior; this affects the company's ability to compete with other companies. The research results of Saunila & Ukko (2013) indicated that the capability of innovation affects the performance of the company. Furthermore, Reichert & Zawislak (2014) mentioned that the capability of innovation in the aspect of technological capability affects the company's performance. Findings of the research concerning competitive advantage and marketing performance have been conducted by Leonidou, Leonidou, Coudounaris, & Hultman (2013) which suggested that competitive advantage affects the performance of corporate marketing. Market participants whose high innovation capabilities be able to increase the competitive edge better than the competitors. The competitive ad-

vantage owned by SMEs' owner be able to improve marketing performance. In addition to the higher customer orientation, the innovation capability and good customer orientation improve the company's marketing performance.

The capability to improve marketing performance and the conditions needing innovation also have a significant role. Innovation capability is defined as the ability to make significant improvements and modifications to existing technology and create new technology (Wonglimpiyarat, 2010). Based on the previous research gap, this research determines how the capability of innovation in the aspect of technological capability highly affects the company's performance which is the novelty of this article. In addition, the competitive advantage that the companies have will be able to improve marketing performance (Halawi, Aronson, & McCarthy, 2005). The company's success in achieving a competitive edge depends mainly on its modernity to build and exploit its main or core competencies. Companies with a competitive advantage can build and export the main competencies.

RESEARCH METHOD

This study used a mixed methods approach or method of mixture between qualitative and quantitative approaches by conducting interviews with related parties or relevant people to this research, i.e., Industrial and Trade Services known as Disperindag (Industry and Trade Office). Cooperatives Agencies and SMEs as well as Disperindag of Jepara and business actors concerning on creative embroidery industry.

The Qualitative approaches were carried out by interviews with the Government through the Office of Industry and Trade at the regency level of Jepara. From the industry sector, the interviews were conducted with SMEs actors in the creative industry of embroidery. Quantitative approach was done by survey method using questionnaires given to the respondents, i.e., SMEs' owner or managers. In addition, the questionnaires covered the research variables including Knowledge Sharing variables or knowledge sharing, innovation capability, competitive advantage and marketing performance in Figure 1. The population in this study is all SMEs embroidery in Jepara involving 100 Respondents (Hair, et al, 2010). Sampling technique used was Purposive Sampling and data collection technique was done by Accidental Sampling because it has various criterion as follows 1) SMEs' owner, 2) Minimum effort of 5 years, 3) Having employees at least 10 people and 4) Willing to be a respondent.

The number of sample members be taken by accidental sampling involving 132 people as embroidery SMEs' owners or managers in Jepara. Data sources in this study covered primary data, i.e., the data which are obtained directly, and secondary data, i.e., the data which are obtained indirectly, as well as validity and reliability tests.

Further data is collected by questionnaires to respondents using a Likert scale with five measuring scales. These are classified as follows: 1) very concur, 2) agree, 3) neutral, 4) disagree, and 5) strongly disagree. The analysis tool used in This research is Structural Equation Modelling (SEM), with the validity and reliability test of the number of sample data used in this study refers to Hair, Black, Babin, Anderson, & Tatham (2014). SEM uses a simultaneous and exact approach for complex models even when the full effects of mediation are hypothesized (Bajada & Schneider, 2005). Figure 1 shows the research model.

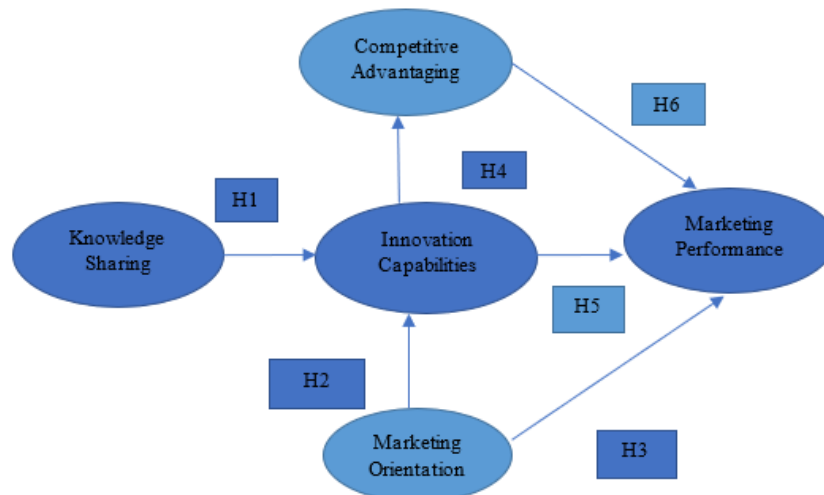


Figure 1. Research Model

Source: Primary Data Managed, 2019

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RESULTS AND DISCUSSION

Respondents' Identity

Respondents involved in this study are the owners of embroidery SMEs located in Jepara, i.e., the number of respondents in the study was 132 people who came from a different background, either of gender, age, occupation, income, amount spent and how long they have been selling embroidery in Jepara (business period). Respondents would provide different assessments of knowledge sharing, innovation capabilities, competitive advantage, customer orientation and marketing performance.

Age or maturity is one of the things which affects the level of maturity of a person in determining attitudes and taking a decision as well as in physical terms. The level of a person's

education determines his/her attitude and mindset, because in general higher level of education relates to wider knowledge capability. The level of education included in this study was the last education taken by the respondents. The longer the business led to more experienced embroidery SMEs owners in Jepara.

Table 2. Respondents' Identity

No	Gender Categories	Frequency	Percentage
1.	Male	53	40.1%
2.	Female	79	59.9%
	Total	132	100%
No	Age Categories	Frequency	Percentage
1.	25 – 35 YO	64	48.4%
2.	36 - 46 YO	49	37.2%
3.	> 47 YO	19	14.4%
	Total	132	100.00%
No	Educational Levels	Frequency	Percentage
1.	Elementary School	10	7.7%
2.	Junior High School	46	34.8%
3.	Senior High School	75	56.8%
4.	Diploma	1	0.7%
5.	Bachelor Degree	-	-
6.	Master Program	-	-
	Total	132	100.00%
No	Business Period	Frequency	Percentage
1.	3 - 6 YO	12	9.1%
2.	7 - 10 YO	98	74.3%
3.	> 10 YO	22	16.6%
	Total	132	100.00%

Source: Primary Data Managed, 2019

Based on the data in Table 2, from 132 respondents who are the SMEs owner of embroidery in Jepara there are 79 or 59.1% female gender and 53 people or 40.1% male gender. This shows that embroidery SMEs in Jepara are more favored by women whose number is way larger than the number of male crafters. Based on age category, it can be seen that most respondents are > 25-35 years of age, i.e. 64 people with a percentage of 48.4%, respondents who were 36 –

46 years old are as many as 49 people or 37.2% and respondents aged > 47 is 17 people or 14.4%. From the data, it can be concluded that most of the embroidery SMEs' owner in Jepara has mature experience and productive activity.

Based on the education category, it is known that a total of 75 people or 56.8% of the respondents have Senior High School level of education, as many as 46 people or 43.8% of respondents are Junior High School graduates. 210 people or 7.7% of Respondents hold elementary School level of education and there was only 1 respondent or 0.7% has Diploma education. Thus, it can be concluded that most respondents have advanced education or Senior High School level. Based on the category of business period, it can be seen that the percentage of respondents whose business experience as a SMEs owner is as many as 98 people or by 74.3% of the respondents have been operating their business for 7 – 10 years. 22 people or 16.6% of the respondents have been in their business for a longer time, > 10 years, and relatively new respondents who are not a business manager have been doing the business for 3 – 6 years, i.e. as many as 21 people or 9.1%.

Research Variable Description

Table 3 explains the perception of respondents to variables through the analysis of answers that respondents had given by the questionnaire.

Table 3. Description Variables

Indicators	Knowledge Sharing Variables	Average
BP1: Always share the knowledge of business activity documents with others.		5.46
BP2: Always share knowledge about regulatory business		5.55
BP3 : Always share knowledge related to business experience		5.62
BP4 : Always share related industry expertise in embroidery		5.77
Variables Average		5.60
Indicators Innovation Capabilities Variables		Average
KI1 : Always have the ability to innovate in conducting business		5.70
KI2 : Always have the ability to innovate marketing in running a business		6.09
KI3 : Always have the ability to innovate the process of making products		5.97
KI4 : Always have the ability to innovate services to customers		6.04
Variables Average		5.95
Indicators Competitive Advantaging Variables		Average
KK1 : Employees or skilled professionals in producing products		5.93

Indicators	Knowledge Sharing Variables	Average
KK2	: Having a superior knowledge in the field of embroidery products	5.82
KK3	: Customer's preference to customers	4.75
KK4	: Always have the best management in conducting business	4.84
KK5	: Creating new values for the product model produced	5.12
KK6	: Always use new technology	4.71
Variables Average		5.19
Indicators Customer Orientation Variables		Average
OP1	: Always repeat the necessity of the customer's speed maneuvers	4.80
OP2	: Always provide service rapidity to customers	4.90
OP3	: Always respond to customer preferences to fulfill customer necessities	4.69
OP4	: Always creating quality products	4.56
OP5	: Always give response to the price change	5.79
Variables Average		4.94
Indicators Marketing Performance Variables		Average
KP1	: Having the growth in product sales value increased over the last three years	5.67
KP2	: Having an increase in the number of product sales over the last three years	5.75
KP3	: Having increased profitability within the last three years	5.65
KP4	: Having a sales volume in the unit had an improvement over the last three years	4.84
KP5	: Attracting new customers so that there is marketing improvement over the last three years	5.17
Variables Average		5.14

Source: Primary Data Managed, 2019

Description Relates to Knowledge Sharing

Knowledge sharing variables have four questions to use. Knowledge-sharing variables generally reside at a score of 5.60. This shows the average sharing of knowledge. The question that has the highest response is always to share related industry expertise in embroidery (BP4). The question that has the lowest response is always to share the knowledge of business activity documents with others (BP1).

Description Relates to Innovation Capability

The innovation capability variable has four questions proposed. The innovation capability variable generally resides at a score of 5.95. This indicates that the average has an innovation capability for customer satisfaction. The question that has the highest response is having the ability to innovate marketing in running a business (KI2). Meanwhile, the question that has the lowest response is having the ability to innovate in running a business (KI1).

Description Relates to Competitive Advantaging

Variable Competitive Advantage has six questions used. A variable in general competitive advantage consists of an average at a score of 5.19. This indicates a mean-average competitive advantage. The question that has the highest response is to have employees or skilled experts in producing products (KK1) while the questions that have the lowest response are always using new technology (KK6).

Description Relates to Customer Orientation

The customer orientation variable has five questions proposed. Customer orientation variables generally reside at a score of 4.94. This indicates an average customer orientation. The question that has the highest response is about to deliver service rapidity to the customer (OP2). Furthermore, the question that has the lowest response is about to create a quality product (OP4).

Description Relates to Marketing Performance

Marketing performance variable has five questions used. The marketing performance variables in general are at a score of 5.14. The question that has the highest response is about the number of product sales experiencing an increase over the last three years (KP2). Meanwhile, the question which has the lowest response is the sales volume in the unit is undergoing an increase in the period of three Last year (KP4). The following description present analyses of each variable that is free of bound variables, i.e. analysis of knowledge sharing (X1) and customer orientation (X2) against innovation capabilities (Y1), Competitive Advantage (Y2) and marketing performance (Z1). Moreover, the test of the research instrument employed an application of SmartPLS.

Construct Validity Test

The validity of the construction measures is up to how far the indicator is able to reflect its theoretical latent construction. Accordingly, the validity of the construction gives confidence

that the size of the indicator taken from the sample illustrates the actual score in the population. There are four sizes of construct validity which can be used, i.e. convergent validity, variance extracted, construct reliability and discriminant validity.

Convergent Validity

The condition which should be achieved is that the loading factor must be significant, as a significant loading factor can be still low value. Thus, standardized estimate should be equal to 0.50 or more and should ideally be 0.70. The table below describes *standardized loading estimate*.

Table 4. Standard Loading Estimate

	Knowledge Sharing	Customer Orientation	Innovation Capability	Competitive Advantage	Marketing Performance
BP1	0.769				
BP2	0.686				
BP3	0.759				
BP4	0.786				
OP1		0.806			
OP2		0.621			
OP3		0.752			
OP4		0.710			
OP5		0.734			
KI1			0.862		
KI2			0.793		
KI3			0.851		
KI4			0.873		
KK1				0.705	
KK2				0.697	
KK3				0.744	
KK4				0.791	
KK5				0.754	
KK6				0.734	
KP1					0.779
KP2					0.843
KP3					0.895
KP4					0.569

Source: Processed Primary Data, 2019

Based in Table 4 indicates that the entire indicator item has the loading factor value above 0.50. Therefore, the overall indicator is worth to use. Here are presented tables below that are loading factors (*convergent validity* valid), AVE, *construct reliability* and *discriminant validity*.

Table 5. Convergent Validity, Construct Reliability, AVE, Cronbach’s Alpha

	Items	Convergent Validity	Construct Reliability	AVE	Cronbach Alpha
Knowledge Sharing	BP1	0.769	0.838	0.715	0.748
	BP2	0.686			
	BP3	0.759			
	BP4	0.786			
Marketing Orientation	OP1	0.806	0.825	0.529	0.791
	OP2	0.621			
	OP3	0.752			
	OP4	0.710			
Innovation Capability	KI1	0.862	0.909	0.715	0.867
	KI2	0.793			
	KI3	0.851			
	KI4	0.873			
Competitive Advantaging	KK1	0.705	0.878	0.545	0.834
	KK2	0.697			
	KK3	0.744			
	KK4	0.791			
	KK5	0.754			
	KK6	0.734			
Marketing Performance	KP1	0.779	0.859	0.611	0.780
	KP2	0.843			
	KP3	0.8 95			
	KP4	0.569			

Source: Processed Primary Data, 2019

The results described in Table 5 indicate that the average value of the *loading factor* on each indicator item has fulfilled the criteria, above 0.50.

Variance Extracted

Variance extracted shows the number of variances of the indicator – an indicator which is extracted by a variable of developed formation. The high value of *variance extracted* indicates that the indicators have been well represented by the variable formed. In addition, the table above shows that the results of *variance extracted* of all constructs have a good AVE value, because it has qualified cut-off value, i.e. equal to or above 0.50.

Construct Reliability

Reliability is an indicator of the *convergent validity*. Cronbach Alpha is used to measure reliability of a questionnaire variable from other variables. If the value of Cronbach Alpha is more than 0,6 or 0,7, the variable is considered reliable. Therefore, this variable is able to be applied in this model. Many also use Cronbach alpha as a measure of reliability despite the fact that *Cronbach Alpha* provides lower reliability. According to table 2.11, it can be noted that the composite reliability value of each variable is > 0.5, and the value of *Cronbach Alpha* in each variable is < 0.5. Therefore, it can be concluded that the data used in this research are reliable.

Discriminant Validity

Discriminant validity is a test to examine whether variables are valid or not. The following is the result of the output correlation between variables construct in Table 6

Table 6. Discriminant Validity

	Knowledge Sharing	Organization Orientation	Innovation Capability	Competitive Advantaging	Marketing Performance
Knowledge Sharing	0.751				
Organization Orientation		0.727			
Innovation Capability			0.845		
Competitive Advantaging				0.738	
Marketing Performance					0.781

According to Table 6 it can be stated that that the value of *discriminant validity* > 0.7; thus, this variable is valid.

Table 7. R Square Value

Innovation Capability	0.441
Competitive Advantaging	0.416
Marketing Performance	0.586

Source: Processed Primary Data, 2019

According to Table 7, it can be seen that *R Square Value* > 0.5. Therefore, this variable is valid.

Hypothesis examination test

The hypothesis testing was executed by using the data downloaded using Smartpls which can be seen in the following Figure 2.

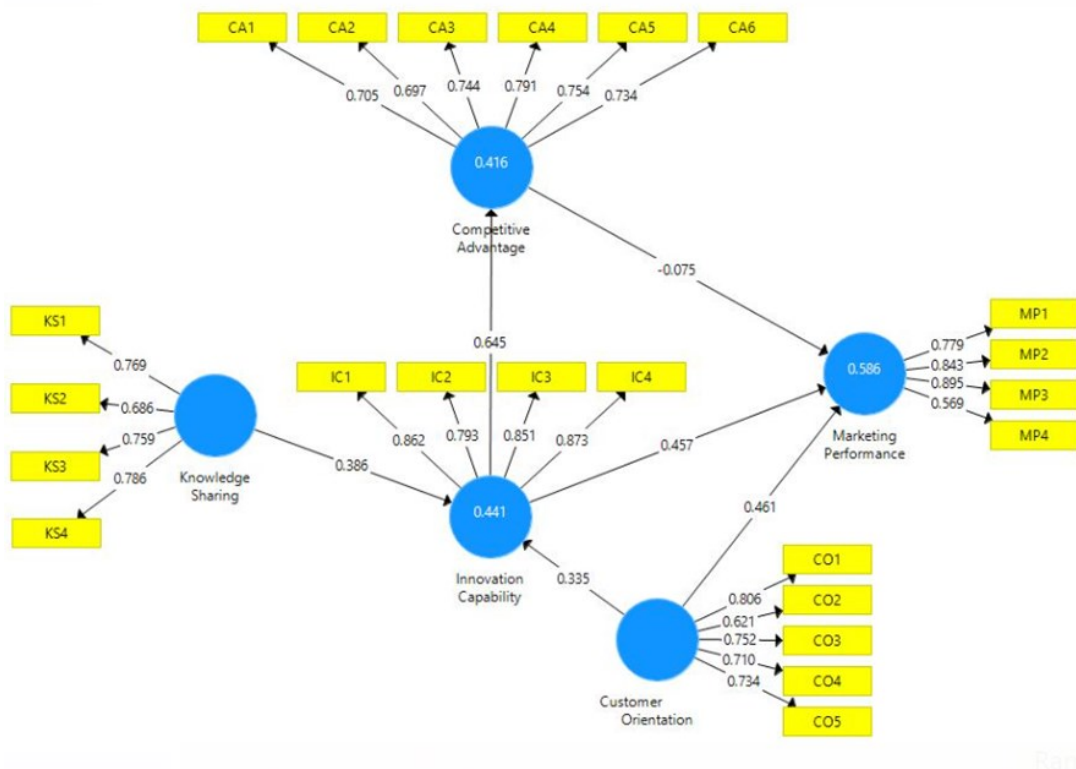


Figure 2. The Result of PLS-SEM Algorithm

Source: Processed Primary Data, 2019

The highest coefficient value for knowledge sharing variables is BP4 0.786, which indicates that BP4 has the strongest correlation among other indicators, while the lowest value is at BP2 of 0.686. Customer orientation variable has the highest value is OP3, 0.752, which indicates the strongest correlation among other indicators, the lowest value of OP2 is 0.621. The innovative capability variable, which has the highest value of the 0.873 KI4, shows the strongest correlation between the other indicators, the lowest of KI2 at 0.793. The competitive advantage variable that has the highest value is KK4, which is 0.791, which indicates to KK4 has the strongest correlation among other indicators; the lowest value of KK2 is 0.697. The marketing performance variable that has the highest value is KP1 of 0.806, which indicates for the strongest correlation among other indicators, the lowest value of KK2 is 0.621. Based in Figure 2, it can be seen that the highest value of *bootstrapping* results is the innovation capability of marketing performance against customer orientation and competitive advantage over marketing performance. The highest value that affects the capability of innovation is knowledge sharing compared to customer orientation. The average results are influenced by positive value that demonstrates a positive influence. The results of the hypothesis testing by using PLS-SEM data obtained the following results:

Table 8. Path Coefficients (Mean, STDEV, T-Values)

	Original Samples	Sample Mean (M)	Standard Deviation	T Statistics (O/STDEV)	P Values
BP → KI	0.386	0.392	0.115	3.347	0.001
OP → KI	0.335	0.342	0.118	2.844	0.005
OP → KP	0.461	0.472	0.097	4.736	0.000
KI → KK	0.645	0.658	0.046	13.877	0.000
KI → KP	0.457	0.444	0.089	5.136	0.000
KK → KP	-0.075	-0.069	0.103	0.730	0.446

Source: *Processed Primary Data, 2019*

Table 8 shows that the coefficients path of the research model. Knowledge sharing variables are significantly positive against innovation capabilities with a value of 0.386. It is in line with the research from (Van Wijk, Jansen, & Lyles, 2008) which identified the three main antecedents such as knowledge sharing, organizational and network characteristics that have two consequences of performance and innovation. Customer orientation variables are significantly positive against innovation capabilities with a value of 0.335 and marketing performance with a

value of 0.461.

Innovation capability variable significantly has positive effect towards competitive advantage with 0.645 value and marketing performance with a value of 0.457. Similar to the statement of (Wonglimpiyarat, 2010) who stated that investment in the foundations of innovation such as technological incubator, Science Park, center of innovation is required to support the commercialization of new products and processes that will improve economic competitiveness Developing. In addition, (Porter & Stern, 1999) explained that the international competitiveness is increasingly dependent on innovation because it can increase productivity, enhance consumer value, and improve welfare in all countries. (Fuller & Warren, 2006) explained to build a competitive edge, organizations are allowed to revise and reformulate innovation strategies to overcome competition (by connecting forward views with overall strategy Organization).

While the variable competitive advantage has no significant effect on the marketing performance variables, because p values > 0.05 is 0.446. This is in different from the findings from (Lawler, 2003) stating that employee skills are a source of competitive advantage and can direct the organization to better performance.

Table 9. Hypotheses Summaries Result

Hypotheses	P. Values	Notes
H1: There is an effect between knowledge sharing and innovation capabilities	0.001	Accepted
H2: There is an effect between customer orientation and innovation capabilities	0.005	Accepted
H3: There is an effect between customer orientation and marketing performance	0.000	Accepted
H4: There is an effect between innovation capabilities and competitive advantaging	0.000	Accepted
H5: There is an effect between innovation capabilities and marketing performance	0.000	Accepted
H6: There is an effect between competitive advantaging and marketing performance	0.446	Rejected

Source: Processed Primary Data, 2019

Table 9 shows the hypothesis summary results, stating that of the 6 hypotheses, there are 5 accepted hypotheses (H1, H2, H3, H4, H5) and 1 rejected hypothesis (H6).

CONCLUSION

The findings of this research from these six hypotheses have five accepted or proven hypotheses. First, the influence of knowledge sharing and customer orientation significantly affects the innovation capability. Then, customer orientation and innovation capabilities have significant impact on marketing performance and innovation capabilities to competitive advantage. Hypothesis 6 regarding the influence of competitive advantage of marketing performance has no significant effect supported with a descriptive analysis that shows 6 items; two items have an average score value i.e., skilled experts and superior knowledge field of embroidery. In addition, the classification of various items such as; customer preference, doesn't execute mapping for customer preferences, the advantage management in running the business, and SMEs' business weakness in traditional management. New technology hasn't been used to create new values for the products resulted. Moreover, the technology is still limited so it is difficult to compete with competitors. In addition, all four items have a value below the average value.

Based on the results of this research, it is necessary to schedule future studies concerning customer preferences, market sensing, and competitor sensing to understand competitors. The limitation of this research is that this study only covered one object and was focused on Jepara as well as the object of embroidery business's owner who still has a small business scale or SMEs level. Future research can use SEM Amos as the analytical technique for a more comprehensive discussion attention considering that Wonosobo still possesses a huge potential to develop further. It is undeniable that the status as a tourist destination and concern for human rights issues could be utilized in order to improve the welfare and harmony of the community.

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