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The Effect of The Ambidexterity and Agility Innovation Strategy Between Social Capital And SME Company Performance

Wihalminus Sombolayuk[1)], Bartholomeus Tandiayu[2)]
[1,2)] Management Department, Universitas Atma Jaya Makassar
Jl. Tanjung Alang No. 23, Makassar
wihalminus_sombolayuk@gmail.com[1)], barthotandiayu@gmail.com[2)]

ABSTRACT

This study aims to explain the effect of the agility and agility innovation strategy between social capital and the performance of SME companies. This research is a quantitative study of causality with the unit of analysis of SME companies in Makassar City. The number of samples is 180 SME companies taken by accident. The analytical methods used include validity, reliability, regression analysis, and SEM analysis with the help of Amos software. The results of this study indicate that the investment strategy of ambidexterity and agility does not have a significant mediating effect between social capital and changes in the performance of SME companies. The novelty of the study is that the agility and agility invasion strategy carried out simultaneously by SME companies cannot be used as an invasion strategy between social capital in improving the performance of SME companies.

Keywords: ambidexterity innovation strategy, agility, social capital, sme company performance

1. INTRODUCTION

MSME is a business community that is also a social community that sells and makes a profit. MSMEs in Indonesia currently reach 64.19 million business actors or 99.9% of the total business units in Indonesia. The most dominating MSMEs are still micro-enterprises, which reach 63 million more business units or 98.68% of the total MSMEs, than small businesses with more than 783 thousand business units (1.22%), medium-sized businesses with more than 60 thousand business units (0). 09%) and large businesses reached 5 thousand business units (0.01%).

It's been almost two years since COVID-19 hit the country and the world. Minister of Finance Sri Mulyani Indrawati said that there were four sectors that were most shaken, namely the household sector, the financial sector, the corporate sector, and the micro and small and medium enterprises (MSME) sector. Of the four sectors previously mentioned, the MSME sector is considered the most affected (Aceh Channel, 1 July 2020). The MSME business lines most affected during Corona are accommodation and food and drink. Of the total small businesses in Indonesia, 35.88% of the affected MSMEs are accommodation and food and beverage MSMEs, followed by large and retail trade MSMEs such as car repair and maintenance as much as 25.33%, and processing industries as much as 17.83%. (Detik Finance, Tuesday, July 21, 2020).

Since COVID-19 entered Indonesia in March to early August, MSMEs' turnover has fallen by 75%, and based on a survey by the Indonesian Institute of Sciences (LIPI), 95% of the total MSME players admit that sales have declined. (CNN Indonesia, August 5, 2020).

In general, there are two main obstacles faced by SMEs in Indonesia, A number of strengths and weaknesses, opportunities, and obstacles faced by SME companies, the high level of business competition, and the rapid changes in the business environment are the realities faced by SME companies. This condition requires a special strategy to improve company performance and SME business sustainability. The need for specific strategies for SME managers in such situations can be explained by the concepts of ambidexterity (Ducan 1976) and organizational agility (Tallon & Pinsonneault, 2011).

The ability of the organization to pursue two different things at the same time in the concept of ambidexterity, namely exploration and exploitation, namely efficiency and organizational flexibility of differentiation and low-cost strategic positioning (Porter, 1980); and global integration and local response (Junni et al. 2013) are determinants of organizational survival and performance (Zollo et al. 2015, 2016).

Lu and Ramamurthy (2011) empirically find in organizations that deliberately pursue two types of organizational agility, namely market capitalization, and operational adjustment, namely first, referring to the ability to respond and exploit changes to quickly improve products/services according to consumer needs. Second, it refers to an organization's ability to successfully and quickly cope with changing markets or demands through exploration activities.

Related to the situation of the COVID-19 pandemic situation experienced by small and medium-sized businesses, it is associated with social capital in the context of the formation of social networks, the strategy of SME companies, and the performance of SMEs in the city of Makassar, the main issue in this study is, is there any influence of the agility strategy of abideksteritas and innovation between social capital? and performance of UMK processing companies in Makassar City.

Related to the description above, this research is the main issue above for the research questions posed in this study are: Does the innovation strategy abide by the agility of innovation have a mediating effect between social capital and the performance of SME food processing companies in the city of Makassar?

The purpose of this study is to investigate the indirect effect, namely the influence of social capital on the performance of SME companies through innovation strategies. The outcome of this research is to provide additional knowledge and information to SMEs in implementing the strategy of good and agility in innovation which has an impact on the performance of SME companies.

2. THEORETICAL BASIS

2.1. Resources Based View (RBV)

Wernetfelt (1984) first stated the origin of the RBV in his article entitled A Resource-based view of the firm and distinctive competencies, which was based on Penrose's writing on the definition of the firm as a system of productive resources. However, the most influential theory is the RBV theory proposed by Barney (1991) that "Resources that are valuable, rare, inimitable, and nonsubstitutable lead to the achievement of sustainable competitive advantage that cannot be easily duplicated by competitors". This set of resource capabilities continues to evolve dynamically in an effort to earn above-average returns (Gib and Li, 2003; Hitt et al., 2011). This view became known as the resource-based view (RBV) or resource-based theory (RBT).

There are two assumptions attached to RBT, namely resource heterogeneity and resource immobility. Resource heterogeneity (also called resource diversity) refers to whether a company has the resources or capabilities that other competing companies have? so that these resources are

not considered to be a competitive advantage. While resource immobility refers to a resource that is difficult to obtain by competitors, obtaining or using these resources requires very high costs.

2.2. Social Capital

Social capital is defined broadly in the literature, so a proper relationship between definition and operationalization is needed in order to explain every aspect of network processes and reciprocities characterized (Baron and Hannan, 1994). The social networks provided by family-based communities add to the effects of education, experience, and financial capital (Bourdieu, 1983; Coleman, 1990; Loury, 1987; Davidsson and Honig, 2003).

Social capital has three forms, namely the first structure of obligations, expectations, and trust, the second is the information network, and the third is norms and effective witnesses (norms and effective sanctions). The views of experts in defining social capital can be categorized into two groups, namely the network of social relations (social network), and the characteristics (traits) that are embedded in human individuals involved in social interactions. The view of the first group emphasizes aspects of the network of social relationships that are bound by ownership of information, trust, mutual understanding, shared values, and mutual support. According to this group's view, social capital will be stronger if a community or organization has a network of cooperative relationships, both internally by communities or organizations, or cooperative relationships that are between communities or organizations. A synergistic cooperation network will provide many benefits for living together.

According to J. Augusto Fel´ıcio et al, (2014) social capital consists of four important dimensions that can be measured by indicators, namely:

1) Status consists of indicators of economic status, cultural status, popular status, and political status.
2) Interlinking and family support, consisting of indicators of family relationships, work relationships, sports relationships, associative relationships, political relationships, family encouragement to face challenges, and family support to overcome difficulties.
3) Engagement, consisting of indicators of interpersonal solidarity, interpersonal trust, and understanding of weaknesses.
4) Personal relationship, consisting of indicators of a personal relationship with financial entities, personal relationship with government, personal relationship with business associates, personal relationship with sports association, and personal relationship with institutional culture.
5) Social relations, consisting of indicators of informal relations with bank/insurance managers, informal relations with the government, informal relations with association managers, and informal relations with cultural institutions.

Adler and Kwon (2002) emphasize that the effects of the structure and content of social relationships flow from the information, influence, and solidarity available to actors. In fact, what distinguishes social capital from other types of capital is that it resides in a network of relationships and exists only if it is dispersed among network members (Narayan and Cassidy, 2001).

2.3. Ambidexterity Innovation Strategy and Organizational Agility

Schilling 2005, Innovation is classified into 2 different types, namely radical innovation and incremental innovation with other terms exploration and exploitation or known as ambidexterity strategy (Ducan, 1978)**.** Brouwer and Kleinknecht's research (in Rauch and Frese, 2000) shows that innovation strategies are very important and related to the workforce and support the increase or productivity of companies.

According to Lubatkin, et al. (2006) companies implementing an ambidexterity innovation strategy are companies that are able to take advantage of existing competencies and explore new opportunities and exploit existing conditions accompanied by equivalent agility or agility. An exploratory innovation strategy develops new knowledge to serve new markets or use new distribution channels, with the aim of meeting new market demands. Both exploitation innovation strategies are based on existing business knowledge, placing emphasis on achieving greater efficiency, and increasing the innovation capacity of existing capabilities. This view is supported by Severgnini, E. Afonso, V. V. and Galdamez E. V. (2017), that organizational ambidexterity is an organization that reflects two dimensions of implementing an exploration innovation strategy and an exploitation innovation strategy in the face of rapidly changing organizational environments.

Organizational agility strategy is a new way for organizations to develop flexibility and organizational responsiveness so that they are able to deal with very fast, dynamic, and turbulent changes in the business environment (Sharifi & Zhang, 1999; Sambamurthy et al, 2003; Lin et al, 2006; Sambamuthy, 2007; Yaghoubi and Dahmardeh, 2010; Chen, 2012). The study of strategic agility illustrates how leaders can be in either one or an exchange, rather than achieving the flexibility needed to deal with a dynamic and complex environment. Extensive collaboration to achieve unified leadership can generate group thinking and thwart new ideas (Gupta, A., Smith, K., and Shalley, C. 2006).

2.4. Company Performance

Adamu (2014) measures the cumulative company performance of immigrant entrepreneurs using eight main indicators, including increased turnover and sales growth, profitability, return on investment, market share, customer satisfaction, customer loyalty, relationship with shareholders, relationship with the board of directors, employee satisfaction, relationships with suppliers, as well as business image and branding. According to Zimmerer (1996), what causes a business to succeed or succeed and fail is essentially very much influenced by managerial competence and experience, planning, implementation and control of resources, the attitude of seriousness in business, and not being ready to face change. Furthermore, according to Zimmerer (1996), the potential that makes people regress in the world of entrepreneurship is uncertain income, loss of investment due to losses, and quality of life that remains low. Performance measurement research on micro, small and medium enterprises uses indicators of the number of workers and increased sales, in its research measuring company performance it is sometimes difficult to do because of problems with data availability and reliability (Acer, 1993; Rosa, Carter, Hamilton (in Mboko, 2009).

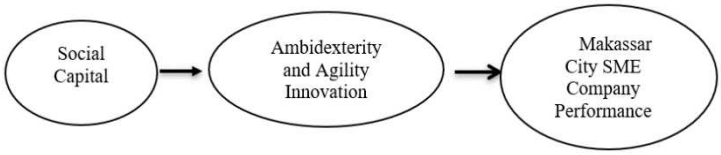

Image 1
Frame of Mind

3. RESEARCH METHODS

The population of this research is all SME companies domiciled in Makassar city. According to the criteria of SMEs according to Law no. 20 of 2008 concerning micro, small and medium enterprises or abbreviated as SMEs. The number of samples in this study was 180 samples. The sampling technique of this research will be carried out by purposive sampling with the judgment sampling technique

The type of data in this study is quantitative data sourced from primary data. The data collection method used in this study is a questionnaire. In the form of a closed questionnaire by providing five answer options to the questionnaire with a Likert scale, namely 1 = Strongly Disagree (STS), 2 = Disagree (TS), 3 = Doubtful (RR), 4 = Agree (S) or 5 = Strongly Agree (SS).

The data analysis method uses statistical methods with the help of the Structural Equation Modeling (SEM) AMOS program with the following testing stages: Validity and Reliability Test, Descriptive Statistical Analysis, Inferential Statistical Analysis with equations Mediational influence of innovation strategy undergoes sterility and agility between social capital and SME company performance. Y2 = 0 + X + (0+ 1Y1) + e. Where : 0, 0 is a constant; and 1 are the parameters to be estimated and e2 is the error term.

4. RESULT AND DISCUSSION

The results of the research on this research variable consist of the independent variable, namely social capital (X) the mediating variable, namely the Innovation strategy (Y1) and the performance of SME companies (Y2) in SME companies as the dependent variable can be shown in the description below.

4.1. Validity and Reliability

The social capital variable, which is listed in this questionnaire consists of 4 dimensions, namely the personal relationship dimension (MSPs) with 4 indicators, the professional relationship dimension (MMSPF) with 6 indicators, the associative relationship dimension (MSAs) with 4 indicators, and the institutional relationship dimension (MSKL) totaling 5 indicators. The innovation strategy variable (Y1) consists of 2 dimensions, namely the exploitation innovation dimension with 5 indicators, the exploitation dimension with 6 indicators, and the SME company performance variable (KUKM) consisting of the company performance dimension with 12 indicators. The results of the computations and the validity and reliability requirements show that all the questions asked to the respondents are valid and reliable.

4.2 SME Company Profile in Makassar City

Of 180 respondents of SME companies, there are 144 or 80% of SME companies aged 5 - 10 years and 36 or 20% of companies aged 10-15 years. The legal entity category of the sample company is dominated by SME companies with other legal entities, 63 or 35%, followed by C.V. as many as 57 or 32%, legally incorporated P.T. 36 or 20%, incorporated in the Fa. 24 companies or 13%. The category of the net worth of SME companies in Makassar is dominated by 72 or 40% of SME companies having a net worth of IDR 50 million - 500 million, followed by 63 or 35% have a total net worth of < IDR 50 million, then 36 or 20% of companies having a net worth IDR 500 million - IDR 10 billion, 21 or 11% of companies that have a net worth of IDR 2.5 billion - IDR 50 billion and only 9 or 5% of companies that have a net worth of > IDR 10 billion. The category of annual sales of SME companies in Makassar is dominated by 102 or 57% had annual sales of IDR 300 million - 2.5 billion, followed by 57 or 32% of SME companies having annual sales of < IDR 300, then 21 or 11% having annual sales. IDR 2.5 billion - IDR 50 billion and no SME company has annual net sales of > IDR 50 billion.

4.3. Characteristics of Social Capital Variables

Social capital (X) has an average score of 4.09 describing the perception of leaders or company owners agreeing that social capital is a resource of competence and capability to create a network of cooperation with other companies in managing SME companies through the dimensions of personal, professional, associative, and institutional relationships. It was identified that the dimension of professional relations has an average score of 4.16, the highest of the other 4 dimensions, followed by the dimension of institutional relations which has an average score of 4.10. The dimension of personal relations has an average score of 4.09. associative has an average score of 4.02.

The indicator on the dimension of professional relations, which has the highest average score of 6 indicators is the MSPF5 indicator which has an average score of 4.41 describing the perception of the leader or company owner agreeing that cooperation with other companies is carried out ethically and in accordance with applicable rules, then followed by The MSPF4 indicator has an average score of 4.29, describing the perception of leaders and owners agreeing that cooperation with other companies is carried out on the basis of mutual respect. The MSPF1 indicator has an average score of 4.24 describing the perception of the leader or company owner agreeing that the company is cooperating with other companies. The MSPF3 indicator has an average score of 4.14 describing the perception of the leadership or company owner agreeing that companies use social media to communicate with other companies. The MSPF6 indicator has an average score of 4.11 describing the perception of the leadership and company owners that the company's involvement in professional organizations contributes to the company's performance and the MSPF2 indicator has an average score close to 4, which is 3.76 describing the perception of the leadership and company owners tend to agree to market its products through other companies.

The indicator on the institutional relationship dimension, which gives the highest average score of the 5 indicators, is the MSKL5 indicator which has an average score of 4.21 describing the perception of the leader or company owner agreeing that institutional relationships with other companies improve company performance. Then followed by the MSKL3 indicator which has an average score of 4.16 describing the perception of leaders and owners agreeing that employees are members of the BPJS for employment and health. The MSKL4 indicator has an average score of 4.14 describing the perception of the leader or company owner agreeing that the company establishes institutional cooperation with other companies based on the principle of mutual trust. The MSKL2 indicator has an average score close to 4.01 which describes the perception of the leadership or company owner agreeing that the company's institutional relationship with the

government is based on a cooperative attitude or cooperation. The MSKL1 indicator has an average score of close to 4, which is 3.99 describing the perception of the leadership or company owners who tend to agree that the company has a cooperative relationship with government institutions such as the Ministry of Industry, SMEs, and Cooperatives.

The indicator on the personal relationship dimension that gives the highest score of 4 indicators is the MSPS3 indicator which has an average score of 4.21 describing the perception of the leader or company owner agreeing that personal relationships between employees are built on the basis of mutual trust. Then followed by the MSAS4 indicator which has an average score of 4.12 describing the perception of leaders and owners agreeing that the company's cooperation with similar companies improves company performance. The MSAS1 indicator has an average score of 3.91, indicating that the leader or owner of the company tends to agree that the company has a cooperative relationship with similar companies. The MSAS2 indicator has an average score of 3.80, describing the perception that the leadership or owner of the company tends to agree that the company's cooperation with similar companies is based on equality.

4.4. Variable Characteristics of Innovation Strategy

The perception of the leaders and owners of the company on the overall innovation strategy (Y1) in the management of SME companies, has an average score of 4.33 describing the perception of the leaders or owners of SME companies agreeing on the role of innovation strategy through the dimensions of exploration, exploitation, and organizational agility innovation. It was identified that the exploitation innovation dimension score (STEP) has the highest average score of 4.46 of the other 3 dimensions, followed by the exploration dimension (STRI) which has an average score of 4.29, and the organizational agility dimension (STOA) has an average value. the average score is 4.26.

The indicator on the exploitation innovation dimension that gives the highest average perception score of the 6 indicators is the STEP3 and STEP 4 indicators which have the same average score of close to 5, which is 4.53. The STEP3 indicator illustrates the perception that the leadership or company owner tends to strongly agree that the company is committed to improving product quality and the STEP4 indicator describes the perception that the leader or company owner tends to strongly agree with the commitment to maintain the existing product market and even expand the product market. Then followed by the STEP6 indicator which has an average score of close to 5, namely, 4.51 depicting the perception of company leaders that they tend to strongly agree with improving production processes, product quality, and customer service improving company performance. The STEP2 indicator has an average score of 4.48, describing the perception of the leaders and owners of the company agreeing to make improvements to inefficient work. The STEP1 indicator has an average score of 4.36 describing the perception of the leadership or company owner agreeing to make improvements to the application of methods, work techniques, or technologies that are not yet efficient. The STEP5 indicator has an average score of 4.33 describing the perception of the leader or company owner agreeing to add product types to the market through product diversification.

The indicator on the exploration innovation dimension (STRI) which provides the highest average perception score of the 5 indicators is the STRI5 indicator, the average score is 4.35 describing the perception that the company's leaders or owners agree with the discovery of new production processes, new products, and new markets. improve company performance. The STRI4 indicator, with an average score of 4.34, illustrates the perception that the management or owner of the company agrees that they are committed to searching for a completely new market. The STRI2 indicator, with an average score of 4.33, illustrates the perception that the leader or owner of the company agrees to promote a completely new product. The STRI3 indicator, with an average score of 4.26, illustrates the perception that the leader or owner of the company agrees to commit to improving product quality. The STRI1 indicator, with an average score of 4.17,

illustrates the perception that the leader or owner of the company agrees that the company encourages employees to find new methods, work techniques, and technologies.

The indicator on the organizational agility dimension (STOA) which gives the highest average perception score of the 8 indicators is the STOA3 indicator, the average score of 4.39 depicts the perception of the leader or company owner agreeing to care about the company's resource needs to be needed in dealing with the company. Then followed by the STOA8 Indicator, the average score of 4.38 describes the perception of the leadership or company owner agreeing that the speed, sensitivity, concern, and flexibility of organizational resources improve company performance. The STOA1 indicator has an average score of 4.35, describing the perception of the leader or owner of the company agreeing to be responsive to customer needs. The STOA6 indicator, with an average score of 4.31, describes the perception of the leader or owner of the company agreeing that unity of command is needed to achieve company goals. . The STOA5 indicator with an average score of 4.26 illustrates the perception of the leadership or owner of the company agreeing to create a flexible (not rigid) organizational structure to deal with rapidly changing environmental changes. The STOA2 indicator has an average score of 4.13 describing the perception of the leader or owner of the company agreeing to quickly make decisions on company problems. The STOA4 and STOA7 indicators have the same average score, which is 4.11. The STOA4 indicator describes the perception of the leadership or company owner agreeing that the company quickly adapts the use of company resources to the demands of environmental changes, and the STOA7 indicator illustrates the perception of the leadership or company owner agreeing that the company provides resources that are able to deal with rapidly changing environmental changes.

4.5. Decription of SME Company Performance Variabels

The variable performance of SME companies (Y3) consists of 12 indicators of performance dimensions can be seen in table 4.4. Of the eighteen company performance variable indicators (KUKM), the indicator that has the highest perceived average score is the KUKM indicator12, the average score is 4.43 describing the perception that the leadership or company owner agrees that the company's existence improves the welfare of the company's owners and employees. Then followed by the KUKM1 indicator which has an average score of 4.39 describing the perception of the leadership or company owner agreeing that the company's production volume has increased. The KUKM2 indicator has an average score of 4.36 describing the perception of the leadership or company owner agreeing that the company's sales turnover has increased. the company increases and the KUKM 5 indicator describes the perception of the leadership or company owner agreeing that the company is able to pay its obligations. The KUKM3 indicator has an average score of 4.27 describing the perception of the leadership or company owner agreeing that the company's market share is increasing.

The KUKM11 indicator has an average score of 4.23 describing the perception of the leadership or company owner agreeing that the company's competitiveness is getting stronger. The KUKM10 indicator has an average score of 4.21 describing the perception of the leadership or company owner agreeing that customers are increasingly satisfied with the quality of the company's services and products. The KUKM6 indicator has an average score of 4.17 describing the perception of the leadership or company owner agreeing that the company's profits or profits have increased.

The KUKM8 indicator has an average score of 4.16 describing the perception of the leadership or company owner agreeing that the company's capital is increasing. The KUKM7 indicator has an average score of 4.09 describing the perception of the leadership or company owner agreeing that the company's investment value is increasing. The KUKM9 indicator has an average score of close to 4, which is 3.86, which describes the perception that the leader or owner of the company tends to agree that the company's capital will increase.

4.6. Indirect Effect of Social Capital on the Performance of SME Companies through Innovation Strategies

The results of the hypothesis test of the relationship or indirect effect of the variables of human capital, social capital, financial capital, organizational culture, and government policies on the performance of SME companies through innovation strategies give the results The coefficient of the indirect effect of social capital on the performance of SME companies is 0.037 level significant p-value 0.097 > 0.05. The coefficient shows that social capital as an independent variable does not significantly affect the performance of SME companies as the dependent variable of 0.037 through innovation strategy as a mediator variable with the assumption that the indirect influence factors on the performance of SME companies are considered constant. The total coefficient of influence of 0.051 at a significant level p-value 0.097 > 0.05 indicates that increasing the performance of SME companies by 0.037 SMEs cannot be done through increasing social capital and innovation strategies together, assuming the factors have a total influence on company performance. SMEs have not changed. Based on the results of this analysis, hypothesis Ha3 which states that social capital has a significant positive effect on the performance of SME companies through innovation strategies is rejected or not accepted.

4.7. Discussion

The hypothesis proposed in this study is that social capital has an influence on the performance of SME companies through innovation strategies. The coefficient of the indirect effect of social capital on the performance of SME companies is 0.037 at a significant level of p-value 0.097 > 0.05, indicating that social capital does not significantly affect the performance of SME companies by 0.037 through innovation strategies significantly assuming the factors have an indirect effect on company performance. SMEs are considered constant. The total coefficient of influence is 0.051 at a significant level, p-value 0.097 > 0.05, indicating that improving the performance of SME companies by 0.037 SMEs cannot be done through increasing social capital and improving or implementing innovation strategies together, with the total effect of social capital, strategy innovation on the performance of SME companies is 0.051 and at a significant level p-value 0.097 > 0.05 indicates that the existence of social capital and innovation strategies are carried out together even though they have a high influence value but the relationship between these variables is not significant, the assumptions of these factors the total influence on the performance of SME companies does not change.

The application of ambidexterity strategies in the dimensions of exploration and exploitation simultaneously sometimes contradicts each other and can create tension within the company (Raguseo et al. 2015). Such a situation is called paradoxical leadership (Lewis, M. W., Andriopoulos, C. and Smith, W. K. 2014), namely the emergence of contradictions, such as flexibility-stability, changing commitments, and approaches to established routines. These competing demands pose challenges that require paradoxical leadership, such as creative seeking practices and solutions that can enable rapid decision-making and adaptability to hypercompetitive environments.

So the leaders or owners of SME companies as respondents in this study actually do not understand that social capital is the ability of individuals to take advantage of their social structure, interpersonal relationships, and membership in SME company organizations (Lin et al., 1981; Portes, 1998). Social capital should refer to the ability of individuals to extract benefits from their social structure, interpersonal relationships, and membership in social organizations (Lin et al, 1981; Portes, 1998).

5. CONCLUSION

5.1. Conclusion

The innovation strategy abides by the integrity and agility has no mediating effect between social capital including the dimensions of professional, associative, and institutional relations with the company's performance which consists of indicators that the company's production increases, the company's sales turnover increases, the company's market share increases, the company's fixed assets increases, the company is able to pay its obligations, the company's profits or profits increase, the value of the company's investment increases, the company's capital increases, and customers are increasingly satisfied with the quality of the company's services and products

5.2. Suggestion

Suggestions that the leader or owner with employees, as well as between employees and employees through an attitude of mutual trust, mutual understanding, and shared values, and mutual support, care, and high solidarity, while strengthening external networks namely, professional networks, associations, and financial institutions on strengthening funding sources and access to financial institutions, formulating and implementing innovation strategies oriented to exploration innovation, exploitation innovation (ambidexterity) and organizational agility that improve the performance of SME companies.

5.3. Implications and Research Limitations

The implications of the research are as follows: Variables of innovation strategy abide by sterility and agility, not mediating variables, between social capital variables and SME company performance variables. A series of processes and research results can be identified as the limitations of the results of this study such as aspects of the methodology, especially the research instrument that this research instrument was designed using a questionnaire with a Likert scale. Five perceptions answers that are self-assessment, which are vulnerable to the possibility of bias in respondents' answers. The performance variable of SME companies, which should be measured by absolute quantitative data, in this study is measured based on respondents' perceptions.

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