

The Development Model of Exploitability Knowledge Based on Entrepreneurial Learning to Innovative Performance and Sustainable Competitive Advantage

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Actualizing sustainable competitive advantage is the dream of every businessman. Therefore, the purpose of this research is actualizing the condition through innovative performance and exploitability knowledge with the antecedent of entrepreneurial learning. The respondents of this research is 150 chosen leader or manager of Batik SMEs in the Province of Central Java. This research result shows that the actualization of sustainable competitive advantage is influenced by high innovation performance, and innovation performance is built by a wide and deep exploitability knowledge.

Key words: sustainable competitive advantage, exploitability knowledge, innovation performance, entrepreneurial learning.



Introduction

Strategies are weapons which managers use to develop and sustain competencies using organisational resources its creative energies, that lead to sustainable competitive advantages (Amos S.O, 2017). Knowledge is the most important source that trigger sustainable competitive advantage, but the relationship between knowledge management and sustainable competitive advantage is still weak (Widodo, 2015). Unique knowledge is the source of innovative activity. Thus, it requires intensity and extensity of knowledge and comprehensive exploitability knowledge.

Entrepreneurial performance depends on how businessman is able to manage the speed and diversity of external pressures that arise at any time. Entrepreneurial learning means that the entrepreneur capacity can become a shield against the uncertainty and volatility created by macro environment. The consequences is that businessman will be obsessed with the idea of become highly innovative, show a greater tendency to take risks, competitiveness, and autonomy (Reaz, 2015). Thus, businessman with an entrepreneurial capacity will be able to manage more competitive business and it will consequently bring the businessman to do higher than others.

The failure of the previous entrepreneurial research is that it focused on who the entrepreneur is and it hinders the entrepreneur's ability to learn, grow, and change. Therefore, a study is required to understand the role of learning in entrepreneurial and how entrepreneurial learning can help to understand the challenges, enrichment of entrepreneurial literature, and organizational learning (Catherine. L., 2014). Entrepreneur Learning research has revitalized entrepreneurship research by focusing on the learning and developmental process of entrepreneurship, such as being innovative, proactive, and risk-taking (Widodo.2013). The study from Ergun et al (2014) found that proactive has an influence toward innovative performance. However, the study from Halim et al. (2015) showed otherwise, that proactive does not have any influence toward innovative performance. Then, Ergun et al. (2015) found that the risk-taking variable has no influence toward innovative performance, while Covin & Slevin (2009) found that it has an influence. Therefore, this study examines the role of exploitability knowledge in actualizing innovative performance and sustainable competitive advantage based on entrepreneurial learning.

Literature Review

Exploitability Knowledge

Based on the study about Resource Based Theory with the derivative of professional ability (Augusto F., 2014) and derivative knowledge management of exploitability knowledge (Javier. 2011) that is comprehensive and deep, can be integrated, and produce novelty, which is exploitability knowledge. Exploitability knowledge is the ability of human resources that have communication quality, organization management, and information technology supported by management that actively accepting change and has an introduction of new things with networking.

Entrepreneurial Learning

Entrepreneurial learning has become as an interesting research area. The research focus of entrepreneurial learning (EL) is the issues that businessmen are not only have to learn in the exploration and exploitation process of entrepreneurial opportunity in creating new business or company management, but the thing that is more important is the specific process of learning that occur. In short, it is about how the learning process is and there is a fundamental understanding about entrepreneur process while the learning is occur (Catherine L. Wang and Harveen Chugh, 2014). EL occurs through many challenging condition such as recognizing opportunities, solving problems, and performing different roles from an entrepreneur. It is widely known as how people acquire knowledge and implement new behavior in the process of recognizing and organizing and acting on opportunities, and also organizing and managing business. According to Cope (2005) the approach of entrepreneurial learning can be done through the aspect of entrepreneurial readiness, which is related with the idea and learning of history by preparing entrepreneurs to have a personal and interactive dimensions that occur throughout their life.

The basic quality of learning involves the role of action and practical orientation, experience and interactive nature, development and transformation, various forms of capital, significance of proactive response development for opportunities, and relentless fight against the difficulties as part of entrepreneurial transformation. The transformation of business idea is to get a feasible business opportunities, utilizing resources, self-managing, managing different function of business, and learning from failure and success. Besides, it is also for legitimating business and forming strategic alliances. Therefore, the development of EL is directed to the process of actualization of innovative intentions by individuals or group, either in a new or old companies through networking to obtain required capabilities that will increase the business success in facing the uncertain environment.

The requirement of a success organization in business is that it needs to have EL (Saowaluk Jitnom, 2009). The phenomenon of entrepreneurial capacity is the driving force of the organization in the entrepreneurial activity that become the central focus of entrepreneurial research (Mohammed R., 2017). The main quality of entrepreneurship is new entry, which is entering new market segments by launching either new or old products. The power of innovation refers to the scope of the company that supports fresh ideas, experiment, and creative process to produce new products or techniques. Whereas, according to Mine Karatas O Zkan (2011) entrepreneur refers to behaviors that include initiative and creative thinking, and also social and economic organization to change resources and accept the risk of failure. Entrepreneurship is characterized by a high working motives, long working hours, and passionate and proactive work (Cardon, Wincent, Singh, & Drnovsek, 2009).

EL reflects the company's tendency to be innovative, proactive, risk-taking, autonomy, and aggressive-competitive (Lumpkin. D & Covin, 2009). According to (2006), the dimension of entrepreneurial orientation is built by *innovativeness*, *risk-taking*, and *proactive*. A proactive attitude in the entrepreneurial approach that drives the company to get the product launch as quickly as

possible is become a way to generate quick funds or get fast market feedback (G.T. Lumpkin, 2009). In order to response the external dynamics, businessman needs to consistently transfer his entrepreneurial orientation into a practical strategic activity to meet the company's goals and achieve superior performance by focusing on the process of creating sciences in company (Hui Li, 2009). The potentials that can affect managerial performance for competition in intelligence have one of the most important factor, which is the consistency of proactive attitude in entrepreneurship. Entrepreneurship attitude is the motivation to improve knowledge, managerial, and goal setting (Tatiana Andreeva and Aino Kianto. 2011). Therefore, the hypothesis proposed in this research, H1: There is a positive influence of proactive toward knowledge exploitability.

Risk-taking is considered a hallmark of entrepreneurial behavior, although the previous research has shown that many businessmen do not see their action as a risk (G.T. Lumpkin, 2010). It is also explained that family companies take less risk than non-family companies. Organizations that dare to take risk will be more assertive and able to make quicker strategic decisions, which increases the intensity of knowledge (Benjamin A., 2012). Thus, the hypothesis proposed in this study is, H2: There is a positive influence of risk-taking toward knowledge exploitability.

The research result from Laura Hills and Alison Maitland (2013) explained that success innovation requires a new combination of knowledge by forming new association between existing knowledge. The creation of effective knowledge will increase the association by providing opportunities for the company to rejoin the knowledge of the new generation. The culture of innovation facilitates the development of organization new routine and the discovery of unique approaches for technology, product, or process, which will develop special skills and new knowledge (Patrick M. Kreiser, 2013). The consequences is strived to catch, manage, reuse, and transfer knowledge-based experience in the organization and make the knowledge available for others in increasing business (lin, 2007). Therefore, the hypothesis proposed in this study is, H3: There is a positive influence of innovation culture toward knowledge exploitability.

Innovative Performance

Innovative performance is when businessman introduce their invention to the market, such as the level of new product introduction, new process system, or new devices. A wider understanding about innovative performance is used in this research because it focuses on the technical aspect of innovation and introduction of new products to the market. Another opinion of innovation performance is it become a change of the knowledge capital of the company (Justin T., 2015).

Unique human resource generates competitive differentiation because it is valuable and human resource ability is a source of competitive parity (Barney, 1991). Besides, knowledge gives contribution for the development of ideas and new product. Unique knowledge is the source of innovative activity. This condition requires proactive human resources. A proactive attitude in entrepreneurial approach pushes the company to launch their product as soon as possible as a way to generate quick funds or get fast market feedback (Lumpkin, Keith H., 2009). Therefore,

proactive attitude trigger the innovation performance of the company. Thus, the hypothesis proposed in this study is, H4: There is a positive influence of proactive toward innovative performance.

The study from Lumpkin (2005) explained that risk-taking is related with organization's willingness to take advantage of the opportunities although they do not know whether the effort will work or not, and act bravely without knowing the consequences. These condition give a high returns in the market by increasing the ratio of benefits to customers to costs, so that it encourages a better innovative performance (Muammer Zerenler, 2008). Thus, the hypothesis proposed in this study is, H5: There is a positive influence of risk-taking toward innovative performance.

The study from Chung-Jen Chen (2010) explained that in the period of new product development, the innovation habit motivates human resources to take risks, do challenging things, and be creative in the activity to change knowledge into new product. Human resources tend to not only exchange and share knowledge for a creative minds, but also search for new and different approaches to work. In other words, innovative human resources are more likely to integrate new knowledge that is generaed and have a better performance. Thus, the hypothesis proposed in this study is, H6: There is a positive influence of innovation culture toward innovative performance.

Rifat Kamas ak and Fusun Bulutlar (2010) explained that knowledge dissemination and responsiveness of knowledge or knowledge sharing are the two most important components because of their unique nature. The consequence is it continues to collect and integrate knowledge. The consequence of professional ability of this knowledge exploitability has the potential to realize innovative performance. Therefore, the quality of knowledge is an intangible resource that trigger the innovation performance of the company. Thus, the hypothesis proposed of this research is, H7: There is a positive influence of exploitability knowledge toward innovative performance.

The research result from Carmen Cabello-Medina (2011) stated that intellectual capital is conceptualized as a knowledge and it is able to know the ability of the organization. It is one of the most relevant antecedent of innovation performance, which have become the basis for achieving competitive advantage. Therefore, the hypothesis proposed in this research is, H8: There is a positive influence of innovative performance toward sustainable competitive advantage.

The study from Chiquan G (2007) stated that sustainable competitive advantage has a dimension durability, imitability, and level of ease to match the strategic assets owned by the company. A group of highly motivated and skilled people is a competitive advantage, because it represents a specific resources of a company that is important, rare, and difficult to replicate. A company with highly skilled and knowledgeable or professional exploitable knowledge human resource have higher human capital and more likely to create knowledge, make informed decisions, have better technological innovation, and consequently have sustainable competitive advantage (Hitt, 2006). Therefore, the hypothesis proposed in this research is, H9: There is a positive advantage of exploitability knowledge toward sustainable competitive advantage.

Research method

Sample

The sampling technique is using purposive sampling, which means that based on the population characteristic such as region or location and the business have been established for at least 10 years. The number of samples (samples size) refers to Hair et al. (1996), which is 150 respondents.

Measurement of variables

Entrepreneur learning includes the variables of proactive, risk-taking, and innovation culture. The indicator refers to Jahangir Karimi, Zhiping Walter (2015), Cemal. Z (2015), Lumpkin (2009). Proactive is the willingness to react positively that is oriented to the future by taking initiative and searching the opportunity of new market. The indicator that is used is such as anticipating business problems faster than competitors. Then, the variable of risk-taking, which is the willingness to take advantage of business opportunity and dare to act without knowing the consequences. The indicator that is used is such as high risk business and high risk business operation. The next one is the indicator of innovation culture, which is business situation that reflects the willingness to support creativity and experiment in introducing new products/services, newness, technological leadership, and R&D while developing new process. The indicator includes the business culture beyond normal limits.

Exploitability knowledge is the ability of human resources that have the quality of communication, organization management, information technology that is supported by the management that actively accept change, and introduction of new things through networking. The indicator refers to Tom J. M. (2007) and Javiever (2011) such as: quality of information technology, adaptive. Innovative performance is the contribution of product and process contribution toward the economic performance of the company. The indicator refers to Halim (2015); Muammer Zerenler (2008) such as new product changes and new product technology. The variable of sustainable competitive advantage is the ability of the organization that is unique and capable to carry out its activities in a way that competitors cannot imitate. The indicator is developed from Grant (1991); Barney (1991) such as durability and non-imitability.

Based on the data analysis, it is showed that the loading factor value is above 0,7 (Sekaran, 2003) and the minimum reliability value is 0.6 (Hair et al., 1996). Therefore, it can be concluded that the data from the instruments are valid and reliable.

Result and Discussion

The empirical model is tested using Structural Equation Modeling. The model indicate Chi-square=290.235 with probability value of 0.111; GFI=0.843, AGFI=0.805 and TLI=0.982, while value of RMSEA=0.030. The result of the model is a Fit. Based on statistical analysis, the results of this study indicate conformity with the required standard values. The result of the Full Analysis Model is shown in Figure 1.

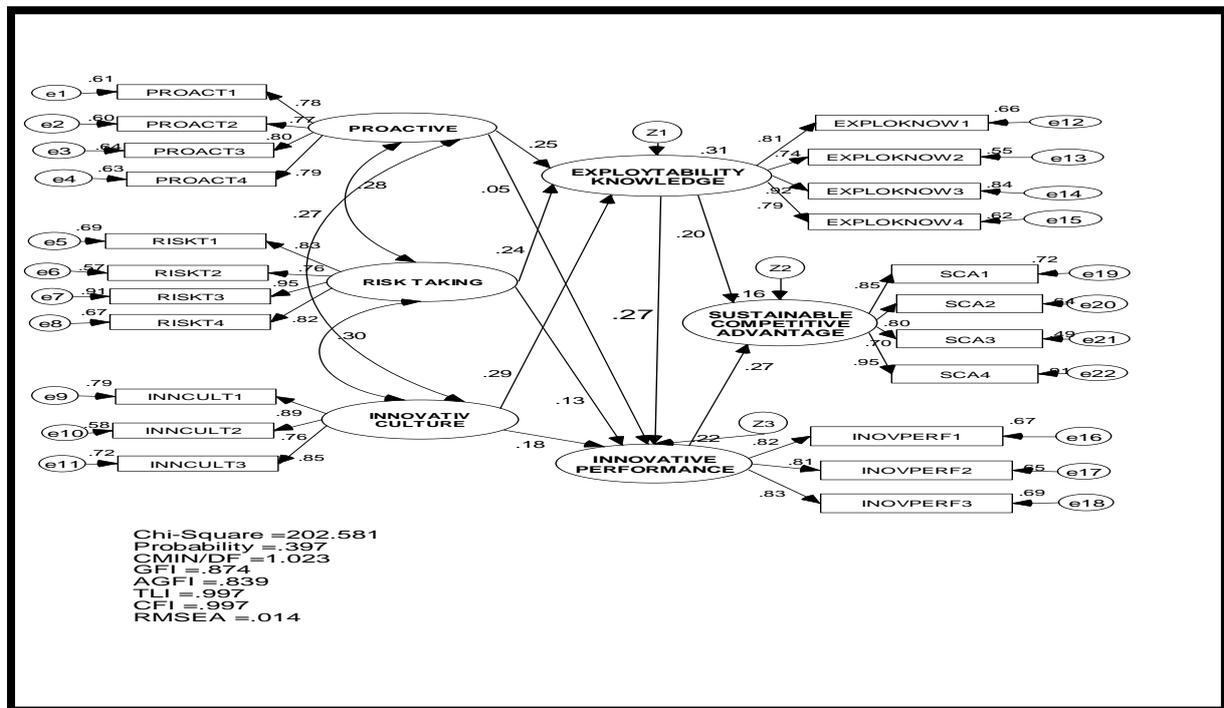


Figure 1. The Results of Full Model Analysis

Table 1 shows that from 9 hypothesis that is proposed. 6 hypotheses are supported by empirical data. But there are 3 hypothesis that are not supported by empirical data. Another thing that is also interesting in this research is that entrepreneur learning (proactive, risk-taking, and innovative culture) does not have any influence toward innovative performance. This means that in order to make a sustainable competitive advantage, it has to be done through exploitability knowledge, and that is why the variable of exploitability knowledge has a substantive and strategic role to realize a sustainable competitive advantage. The hypothesis of entrepreneur learning (proactive, risk taking dan innovative culture) is not supported, but it does not have any effect toward innovative performance because the condition of entrepreneurail learning in Batik SMEs that is not optimal. It can be seen from the innovative culture that is still not optimal yet, which have limitations and tend to be a follower.

Table 1. Inner Path Model Coefficients and their Significance

Exogenous variable	Endogenous variable	Standard Estimate	T-value
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Exploitability Knowledge	Proactive	0.247	2.533**
Exploitability Knowledge	Risk Taking	0.238	2.518**
Exploitability Knowledge	Innovative Culture	0.286	2.909**
Innovative Performance	Innovative Culture	0.176	1.596
Innovative Performance	Risk Taking	0.125	1.299
Innovative Performance	Proactive	0.052	0.479
Innovative Performance	Exploitability Knowledge	0.274	2.294**
Sustainable Competitive Advantage	Innovative Performance	0.270	2.466**
Sustainable Competitive Advantage	Exploitability Knowledge	0.201	1.995**
p < 0.10; * p < 0.05; ** p < 0.01; *** p < 0.001			

The hypothesis of entrepreneurial learning (proactive, risk-taking, and innovative culture) has a positive influence toward exploitability knowledge. This means that the increase of proactive, risk-taking, and innovative culture will trigger the ability improvement of human resources that have the quality of communication, organization management, information technology that is supported by the management that actively accept change, and introduction of new things through networking (exploitability knowledge). This condition is consistent with the argument from Benjamin A. (2011). The hypothesis of exploitability knowledge toward innovative performance is supported by the empirical data. This means that the increase of exploitability knowledge that is comprehensive and deep will create new product technology, new product change, proportion of new product technology, and management innovation. This result supports the study from Rifat Kamas ak and Fusun Bulutlar (2010). The hypothesis of innovative performance has an influence toward sustainable competitive advantage, supported by empirical data. This means that the increase of innovative performance will create a condition of non-imitability, durability, and the strategic asset will be difficult to be compete with. The last is the hypothesis of exploitability knowledge toward sustainable competitive advantage. Businessman with human resources that are highly skilled, knowledgeable, and have professional exploitability knowledge will have a higher human capital and more likely create knowledge, make the right decision, have a better innovative technology, and consequently sustainable competitive advantage (Hitt, 2006).

Summary

The improvement of human resources ability that have the quality of communication, organization management, information technology that is supported by the management that actively accept change, and introduction of new things through networking (exploitability knowledge), will create new product technology, new product change, proportion of new product technology, management innovation (innovative performance), and sustainable competitive advantage.

Limitations and Future Research

The result of calculation using AMOS software shows that the influence of innovative performance and exploitability knowledge toward sustainable competitive advantage has the *Squared Multiple Correlations* of 15,8%, which is a low qualification as it is below 20%. Based on the limitations of antecedent studies of sustainable competitive advantages of low qualified Squared Multiple Correlations, it is an attractive black bock study area.

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