



P-ISSN: 1978-2853  
E-ISSN: 2302-8890

## MATRIK: JURNAL MANAJEMEN, STRATEGI BISNIS DAN KEWIRAUSAHAAN

Homepage: <https://ojs.unud.ac.id/index.php/jmbk/index>

Vol. 16 No. 2, Agustus (2022), 257-270



### Social Capital and Innovation as Competitive Advantage of Creative Industry in Boosting Market Share

Pande Ketut Ribek <sup>1)\*</sup>, Ni Wayan Sri Suprapti <sup>2)</sup>, I. Gusti Ayu Ketut  
Giantari <sup>3)\*</sup>, I Putu Gde Sukaatmadja <sup>4)</sup>

<sup>1</sup>Faculty of Economics and Business, Mahasaraswati University, Denpasar, Bali, Indones

<sup>2,3,4</sup>Faculty of Economics & Business, Udayana University, Denpasar, Bali, Indonesia

email: pandeketutribek@unmas.ac.id



SINTA 2

DOI : <https://doi.org/10.24843/MATRIK:JMBK.2022.v16.i02.p06>

#### ABSTRACT

This study aims to determine social capital and innovation in increasing competitive advantage to achieve marketing performance in the traditional sculpture industry in Indonesia. The quantitative method with the population in this study is a sculpture entrepreneur in Gianyar and a sample of 130 entrepreneurs. The analysis technique uses SEM-PLS 3.0. The results of the study show that social capital and continuous innovation have a positive and significant effect on competitive advantage, social capital has a non-significant positive effect on marketing performance, innovation has an insignificant positive effect on marketing performance, competitive advantage has a significant positive effect on marketing performance, competitive advantage fully mediates social capital. According to our empirical results, sculptures industry managers should build a social capital and sustainable innovation to encourage and develop competitive advantage to increase marketing performance. Our findings also offer new insight to support further studies of the benefits of managerial ties for sculptures industry in developing countries. The implication of this research is that it is expected to assist in making decisions and policies at the company level.

**Keyword:** Social Capital; Innovation Competitive Advantage; Marketing Performance; Art Business.

#### *Modal Sosial dan Inovasi Sebagai Keunggulan Kompetitif Industri Kreatif dalam Meningkatkan Pangsa Pasar*

#### ABSTRAK

Penelitian ini bertujuan untuk mengetahui modal sosial dan inovasi dalam meningkatkan keunggulan bersaing untuk mencapai kinerja pemasaran pada industri patung tradisional di Indonesia. Metode kuantitatif dengan populasi dalam penelitian ini adalah pengusaha patung di Gianyar dan sampel sebanyak 130 pengusaha. Teknik analisis menggunakan SEM-PLS 3.0. Hasil penelitian menunjukkan modal sosial dan inovasi berkelanjutan berpengaruh positif dan signifikan terhadap keunggulan bersaing, modal sosial berpengaruh positif tidak signifikan terhadap kinerja pemasaran, inovasi berpengaruh positif tidak signifikan terhadap kinerja pemasaran, keunggulan bersaing berpengaruh signifikan efek positif pada kinerja pemasaran, keunggulan kompetitif sepenuhnya memediasi modal sosial. Menurut hasil empiris kami, manajer industri patung harus membangun modal sosial dan inovasi berkelanjutan untuk mendorong dan mengembangkan keunggulan kompetitif untuk meningkatkan kinerja pemasaran. Temuan kami juga menawarkan wawasan baru untuk mendukung studi lebih lanjut tentang manfaat ikatan manajerial untuk industri patung di negara berkembang. Implikasi dari penelitian ini diharapkan dapat membantu dalam pengambilan keputusan dan kebijakan di tingkat perusahaan.

**Kata Kunci:** Social Capital; Innovation Competitive Advantage; Marketing Performance; Art Business.

#### INTRODUCTION

Increasing the economy in an area is largely determined by the potential of the area to improve the welfare of its people. The sector that is the focus is the sculpture industry, including

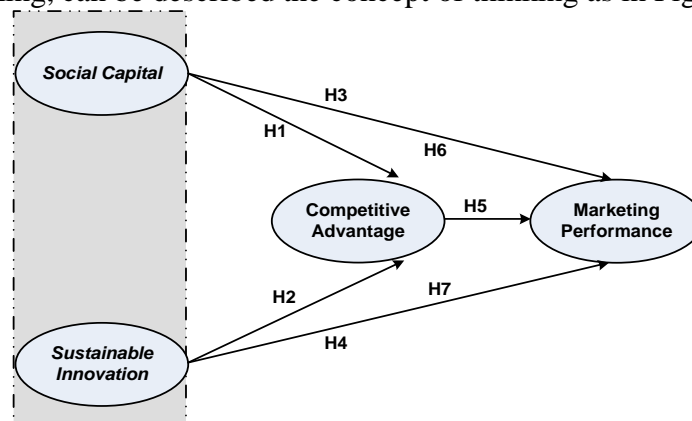
stone statues which are widely available in Gianyar Regency as a potential market. Competitive advantage can be realized if the company can achieve strategic advantages, tactical advantages, and operational advantages that can create an economic manner sustainably. Improving performance requires strategic strength in the industry by having uniqueness and differentiation so that it can achieve a competitive advantage (Glenn Baxter, 2019). Several studies have found that competitive advantage can improve marketing performance, such as the results of research by Basuki and Widyanti (2015), Nuryakin (2018), Arbawa and Wardoyo (2018), Hidayatullah et al. (2019), Ningrum et al., (2020). Ghazali et al. (2015) found a positive influence between competitive advantage and business performance. In contrast, Kadarningsih (2013) found that competitive advantage had a positive and insignificant effect on marketing performance. Achieving competitive advantage in a business requires supporting factors, especially in the sculpture industry which uses unique human resources and has idealistic characteristics that are different from the resources of other companies in general.

The awareness in question is awareness with responsibility according to skills and time discipline (Ribek et al., 2021). Social capital networks enhance relationships by encouraging shared knowledge as well as encouraging communication, securing or acquiring resources, information exchange, and knowledge exchange (Chen et al., 2009). Salehi, et al., (2021) stated that social capital has a positive and significant indirect effect on innovation. Companies with broad access, professional and unique resources are expected to create competitive advantages and increase competitive advantage (Andrevski et al., 2007); (Tuominen et al., 2013; Ou et al., 2015; Saleh, 2017; Muslikah et al., 2018; Irmawati et al., 2019); Giantari and Sukaatmadja (2021) state that social capital can increase competitive advantage. The strength of relationships and cooperation can influence others to achieve goals (Franch et al., 1959; Raven, 2017). Ribek et al., 2021). The strengths of social capital theory consist of legitimacy, appreciation, expertise, reference, coercion, information, and awareness. Another factor that can increase competitive advantage is continuous innovation. Urbancova (2013) states that high competitiveness is based on skills and abilities that are carried out with continuous innovation to produce cheaper and quality products.

Improving competitiveness, product quality, and the price is the company's strategy in seeking new market share (Dewi and Suprapti, 2018). Similarly, Wang et al. (2017) revealed that the comparative relationship with competitiveness helps to improve products and adjust marketing strategies. Gita (2015), Sunarsih (2017), Ardyan et al. (2017), and Putra et al. (2020), shows that sustainable innovation has a positive effect on competitive advantage. In contrast to Serlin's research (2016), there is no significant effect between product innovation and competitive advantage in the *Kerinci batik* business. Jazuli and Sukirman (2017), Cillo et al. (2019), Rahmadi et al. (2020) state that continuous innovation does not affect competitive advantage. Hamdoun, et al., (2022) stated that CSR does have a positive impact on competitive advantage. Giantari and Sukaatmadja (2021) state that social capital has a positive and significant effect on competitiveness. The results of research by Basuki and Widyanti (2015), Nuryakin (2018), Arbawa and Wardoyo (2018), Hidayatullah et al. (2019), Liu (2021), Ningrum et al., 2020 state that competitive advantage can improve marketing performance. In contrast to the results of Kadarningsih (2013), they found that competitive advantage had no significant effect on marketing performance. Following the research gap and the background of this research, the problems are 1) how is the influence of social capital on the competitive advantage of traditional sculpture products, 2) how is the influence of innovation on the competitive advantage of traditional sculpture products, 3) how is the influence of social capital on marketing performance? traditional sculpture products, 4) how does innovation influence the marketing performance of traditional sculpture products, 5) how does the role of competitive advantage affect the marketing performance of traditional sculpture products, 6) how does the role of competitive advantage mediate the influence of social capital on the

marketing performance of sculpture product, 7) what is the role of competitive advantage in mediating innovation on the marketing performance of traditional sculpture products. The purpose of this study was to determine the effect of social capital and innovation in improving marketing performance through competitive advantage. The novelty of this research is a competitive advantage as a full mediation of the effect of social capital on marketing performance. Competitive advantage is a full mediation of the influence of innovation on marketing performance. This topic becomes interesting to study because of the phenomenon of the decreasing level of motivation of the younger generation in developing skills to maintain local culture.

This study uses the theory of competitive advantage (Porter, 1980), supporting theories are expectancy theory (Vroom, 1964) and social exchange theory (Homans, 1961), diffusion of innovations theory (Rogers, 1964), and theory the base of social power (Franch et al., 1959; Raven, 2017). Competitive advantage is achieved if it can strengthen social capital as an adhesive in achieving goals, and innovation to improve marketing performance. Byukusenge et al. (2016), stated that knowledge is an intangible asset that plays an important role in industrial progress. Giantari and Sukaatmadja (2021) state that social capital has an effect on competitive advantage in improving marketing performance, meaning that social capital is a key factor in producing marketing performance. Social capital and innovation are basic means for business people to be able to exchange knowledge and contribute to the application of knowledge, and innovation in creating competitive advantage (Arsawan et al., 2020). Based on the concept of thinking, can be described the concept of thinking as in Figure 1 below:



**Figure 1. Theoretical Model**

Source: Researcher (2021)

Figure 1 can be explained, as follows. In the sculpture industry, improving marketing performance requires various strengths to be possessed, following changes that occur in the internal and external environment. Especially in the internal environment to achieve increased marketing performance it is necessary to have a competitive advantage.

Relationships are part of social capital (Chang et al., 2010). Networks in social capital enhance relationships to communicate, acquire resources, exchange information, and exchange knowledge (Chen et al., 2009). Companies that have unique resources can create competitive advantages and increase profits (Andrevski et al., 2007). Thus, the greater the resources and capabilities of social capital owned by a company, the easier it is to achieve a competitive advantage (Tuominen et al., 2013; Ou et al., 2015). They operate more efficiently or gain a higher competitive advantage over competitors. Firms with greater access to network resources are expected to have a greater competitive advantage and profit (Kangarlouei et al., 2012) so the following hypothesis can be formulated. H1: Social capital has a positive and significant effect on competitive advantage

Companies that innovate are seen as a source of competitive advantage Bahren et al. (2019). Gita (2015) researched that innovation positively affects competitive advantage. In line with this, it is explained that continuous innovation will in turn lead to the creation of competitive advantage. In contrast to Serlin's (2016) research, there is no significant effect between product innovation and competitive advantage in the Kerinci batik business. Based on the description above, the following hypothesis can be formulated. H2: Continuous innovation has a positive and significant impact on competitive advantage.

The results of research from Ferdinand (2005) state that internal and external-based social capital can produce marketing performance and competitive advantage, where the conception of social capital is a key factor in generating performance. The strong relationship of an organization can be seen in the number of members who have high quality and integrity so that they can achieve their goals (Raven, 2008).

However, research conducted by Hartono and Soegianto (2013) and Winarni (2011) states that social capital has a negative effect on performance. The results of research by Prasetyo and Harjanti (2013) that social capital has no relationship with performance. In contrast to the findings of previous studies, it is interesting to review the effect of social capital on performance, the following hypothesis can be formulated. H3: Social capital has a positive and significant effect on marketing performance.

Kamboj and Rahman (2017) show that sustainable innovation affects marketing performance. Bayen et al. (2016) stated that to get successful management an innovation strategy is needed to gain a competitive advantage. Research findings Vermaeulen et al. (2005) conducted a study related to the effect of product innovation on the performance of 90 small and medium enterprises in the financial sector in the Netherlands. The results showed a negative effect on the company's performance. The results of the research by Ardyan et al. (2016) that continuous innovation has no significant effect on performance, so the following hypothesis can be formulated. H4: continuous innovation has a positive and significant effect on marketing performance.

The results of the research by Ghozali et al. (2015) state that performance has a significant effect on competitive advantage. The results of research by Basuki and Widyanti (2015) found that competitive advantage has a positive and significant effect on marketing performance. The research findings of Soegoto (2012) define location competitiveness as the productivity that can be achieved by the company. Measuring the competitiveness of an organization's competitive environment helps form a solid basis for strategy and business development. Based on the description above, the hypothesis of this research is used, as follows. H5: Competitive advantage has a positive and significant effect on marketing performance.

Findings from Saleh, 2017; Muslikah et al., 2018; Irmawati et al., 2019, show that social capital can improve marketing performance through the company's competitive advantage. Social capital is said to have a negative impact on performance (Hartono and Soegianto, 2013; Winarni, 2011). This is also experienced in the sculpture industry, which has a lot of social capital, resulting in more costs. Based on these findings, the hypothesis of this research is as follows. H6: The role of competitive advantage can mediate social capital on marketing performance.

Research examining competitive advantage related to sustainable innovation states that sustainable innovation is an absolute thing that must be done to create competitive advantage (Barney, 1991; Chiou, 2011; Kafetzopoulos et al., 2015; Chatzoglou and Chatzoudes, 2017; Kuncoro and Suriani, 2017). Kafetzopoulos et al. (2015) state that quality management can create innovations both in products and processes so that later it can create a competitive advantage. Rahman, et al., (2021) stated that innovation determines competitive advantage. Business strategy significantly leads to competitive advantage. Research conducted by

Arenhardt et al. (2016) found that innovation increases competitive advantage. Based on the description above, the hypothesis of this research is used, as follows. H7: Competitive advantage mediates continuous innovation in marketing performance.

## **METHOD**

The method used in strategic research to improve the marketing performance of traditional sculpture products in Gianyar Bali is quantitative. This study uses variables of social capital, sustainable innovation, competitive advantage, and marketing performance because this research is based on phenomena that occur in the field where the welfare of sculpture industry workers is low even though they are in tourism areas and there are various existing research gaps. Research using quantitative methods in the form of SEM-PLS (Structural Equation Modeling–Partial Least Square) analysis to obtain results in the form of the relationship between each variable as the dependent variable. SEM PLS has higher flexibility for researchers to link theory and data (Ghozali, 2011). The population that is the target of this research is the entire stone sculpture industry in Gianyar Regency, totaling 100 companies. The tool used in this research is a questionnaire using a Likert scale. The sampling technique uses the census method. Populations are geographically dispersed sampling can be done thoroughly. Qualitative data is data that is not in the form of numbers, in this study various information was received from respondents related to research. The steps taken in the interview are compiling guidelines and interview questions based on the background, problem focus, research objectives, theoretical studies, concepts, and some previous research results, as well as various related phenomena questions).

Based on the formulated hypothesis, in this study, the analysis of inferential statistical data was measured using the Smart PLS (Partial Least Square) software starting from the measurement model (outer model), model structure (inner model), and hypothesis testing. PLS (Partial Least Square) uses the principal component analysis method in the measurement model, namely the variant extraction block to see the relationship between the indicator and its latent construct by calculating the total variance consisting of common variance, specific variance, and error variance. error variance).

## **RESULT AND DISCUSSION**

The results of the Social Capital Validity test, continuous innovation, competitive advantage, and marketing performance, are already above 0.3 so they are declared valid in Table 1.

Evaluation of the measurement model (outer model) was conducted to determine the validity and reliability of the indicators on each variable, namely social capital, continuous innovation, competitive advantage, and marketing performance. The indicators in this study are all reflective, so the evaluation of the measurement model is based on the criteria of Convergent validity, Discriminant validity, Composite reliability, and Cronbach's alpha.

Convergent validity is a criterion for determining the validity of the indicators on each latent variable. An indicator is said to be valid if the outer loading coefficient is greater than 0.50 and p-value <0.05 and the level of significance (t-statistics > 1.96) (Hair et al., 2010). The outer loading coefficient shows the magnitude of the indicator's contribution to the variable. Based on the results of the validity test of the social capital variable, the results of the innovation validity test, the results of the validity test of the competitive advantage variable, the validity test results of the marketing performance variable, all indicators whose outer loading is above 0.7. Based on the table, can be described in Figure 2.

Table 3. shows that the value of the Average Variance Extracted (AVE) of all constructs is > 0.50 so that it meets the valid requirements based on the discriminant validity criteria.

Based on the results of data processing with the Smart PLS 3.0 program, the Composite reliability and Cronbach's Alpha values are obtained as shown in Table 4.

**Table 1. Validity test results**

Variable	Indicator	R-Count	R- Limit	Description
<i>Social capital (X1)</i>	X1.1	0,776	> 0,3	valid
	X1.2	0,809	> 0,3	valid
	X1.3	0,833	>0,3	valid
	X1.4	0,871	>0,3	valid
	X1.5	0,885	>0,3	valid
	X1.6	0,786	>0,3	valid
	X1.7	0,771	>0,3	valid
	X1.8	0,833	>0,3	valid
	X1.9	0,719	>0,3	valid
	X1.10	0,915	>0,3	valid
<i>Sustainable innovation (X2)</i>	X2.1	0,836	>0,3	valid
	X2.2	0,899	>0,3	valid
	X2.3	0,894	>0,3	valid
	X2.4	0,859	>0,3	valid
	X2.5	0,890	>0,3	valid
Competitive advantage (Y1)	Y1.1	0,864	>0,3	valid
	Y1.2	0,899	>0,3	valid
	Y1.3	0,914	>0,3	valid
	Y1.4	0,955	>0,3	valid
	Y1.5	0,856	>0,3	valid
Marketing performance (Y2)	Y2.1	0,889	>0,3	valid
	Y2.2	0,923	>0,3	valid
	Y2.3	0,723	>0,3	valid
	Y2.4	0,874	>0,3	valid

Source: Primary data processed

**Table 2. Reliability Test Result**

Variable	Cronbach's Alpha	Description
Social capital (X1)	0,942	reliable
Sustainable innovation (X2)	0,923	reliable
Competitive advantage (Y1)	0,939	reliable
Marketing performance (Y2)	0,869	reliable

Source: Data processed

Based on Table 4, the R-Square (R<sup>2</sup>) value for the competitive advantage variable (Y1) is 0.707, and marketing performance (Y2) is 0.558. The value (R<sup>2</sup>) of 0.707 on the competitive advantage variable means that 70.7% of competitive advantage is influenced by social capital and innovation, the remaining 29.03% is caused by other factors. The results of the Q2 study show a value of 0.845, which means that 84.50% of the relationship between exogenous and endogenous variables can be explained well by the research model. This implies that 84.50% of competitive advantage performance variables can be explained by social capital and innovation variables, while 15.50% are other factors outside the research model. According to

Chin (1998: 317), the value of Q square is getting closer to 1, which shows that the model has good predictive relevance.

Measurement of the structural model (inner model) is carried out to find out how well the research model is formed with a variable. The criteria for testing the measurement model in this study were shown based on some criteria, namely; R. square, Q2 predictive relevance, and Goodness of Fit (GoF). Referring to the results of the Smart PLS 3.0 data processing in Table 5.

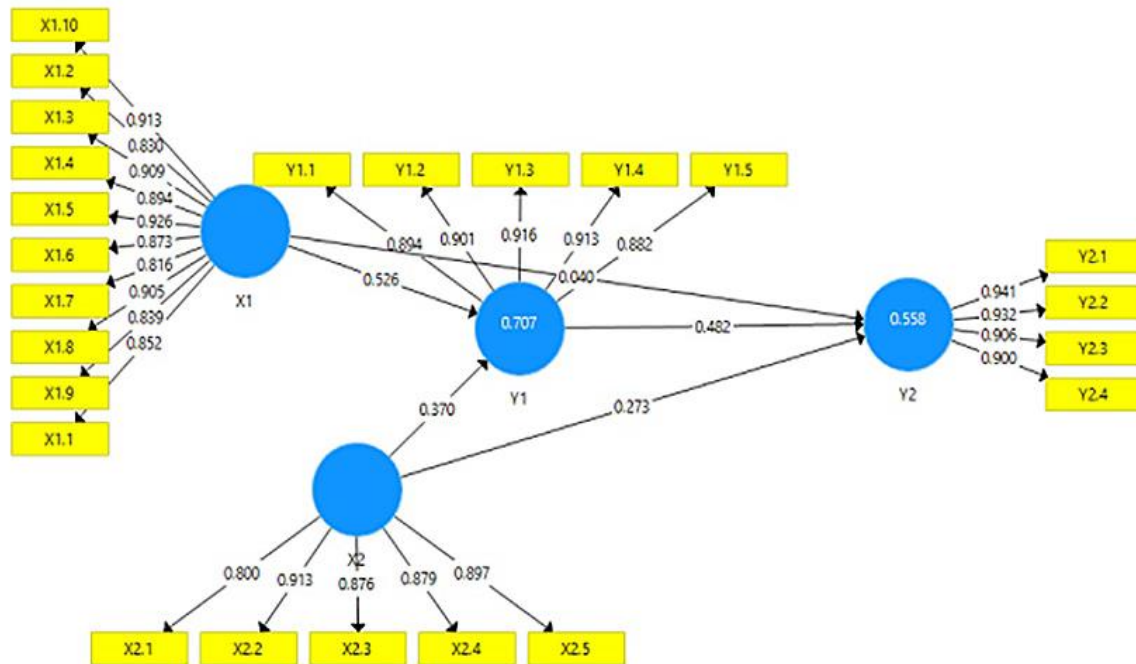


Figure 2: Outer loading evaluation results

Table 3. Discriminant Validity Variable Social Capital, Innovation, Competitive Advantage, Marketing Performance

Variable	AVE	X1	X2	Y1	Y2
Social capital (X1)		0,768			
Sustainable innovation (X2)			0,764		
Competitive advantage (Y1)				0,812	
Marketing performance (Y2)					0,846

Source: processed data

Table 4. Discriminant Reliability And Cronbach's Alpha Variable Social Capital, Sustainable Innovation, Competitive Advantage, Marketing Performance

Variable	Composite Reliability	Cronbach's Alpha
Social capital (X1)	0,971	0,966
Sustainable innovation (X2)	0,942	0,922
Competitive advantage (Y1)	0,956	0,943
Marketing performance (Y2)	0,957	0,939

Source: Data processed

The results of the GoF calculation show a value of 0.687, based on the GoF criteria according to Akter et al. (2011), a value above 0.687 is classified as a large GoF. This means that the research model has a high level of model accuracy. Based on the results of the evaluation of the structural model (inner model) as measured by the criteria of R-Square (R2),

R-Square predictive Relevance (Q2) and Goodness of Fit (GoF), the measurement results can be stated to be in the large category. All the criteria of the structural model used (R2) (Q 2), Goodness of Fit (GoF) show good results, so the research model that develops social capital, innovation, competitive advantage and marketing performance variables is a good model. In testing the hypothesis, it is expected that H0 is rejected or the value is sig <0.05 (t statistic value > 1.96 if the test is with a significant level of 0.05), tests such as Table 6.

**Table 5. R-Square (R2) Variable Social Capital, Innovation, Competitive Advantage, Marketing Performance**

Variable	R-Square (R <sup>2</sup> )	description
Competitive advantage (Y1)	0,707	Strong influence
Marketing performance (Y2)	0,558	Strong influence

Source: Data processed

**Table 6. Statistical Test Results**

Construct	Original Sample	Sample Mean	Standard Deviation	T Statistic	P Value	Description
Social capital → Competitive advantage	0,526	0,526	0,102	5,148	0,000	Significant
Social capital → Marketing performance	0,040	0,059	0,155	0,257	0,797	Not significant
Sustainable innovation → Competitive advantage	0,370	0,368	0,105	3,525	0,000	Significant
Sustainable innovation → Marketing performance	0,273	0,261	0,160	1,712	0,088	Not significant
Competitive advantage → Marketing performance	0,482	0,480	0,134	3,610	0,000	Significant

Source: Data processed

Based on statistical tests, the effect of social capital on competitive advantage is positive and significant. This means that the better the social capital owned, the better the competitive advantage. This significance is indicated by the t statistic value of 5.148 which is greater than the t table of 1.96, supporting hypothesis 1. (2013), and the findings of Qu et al, (2015) which state that the better the social capital owned by the company, the easier it is to achieve competitive advantage.

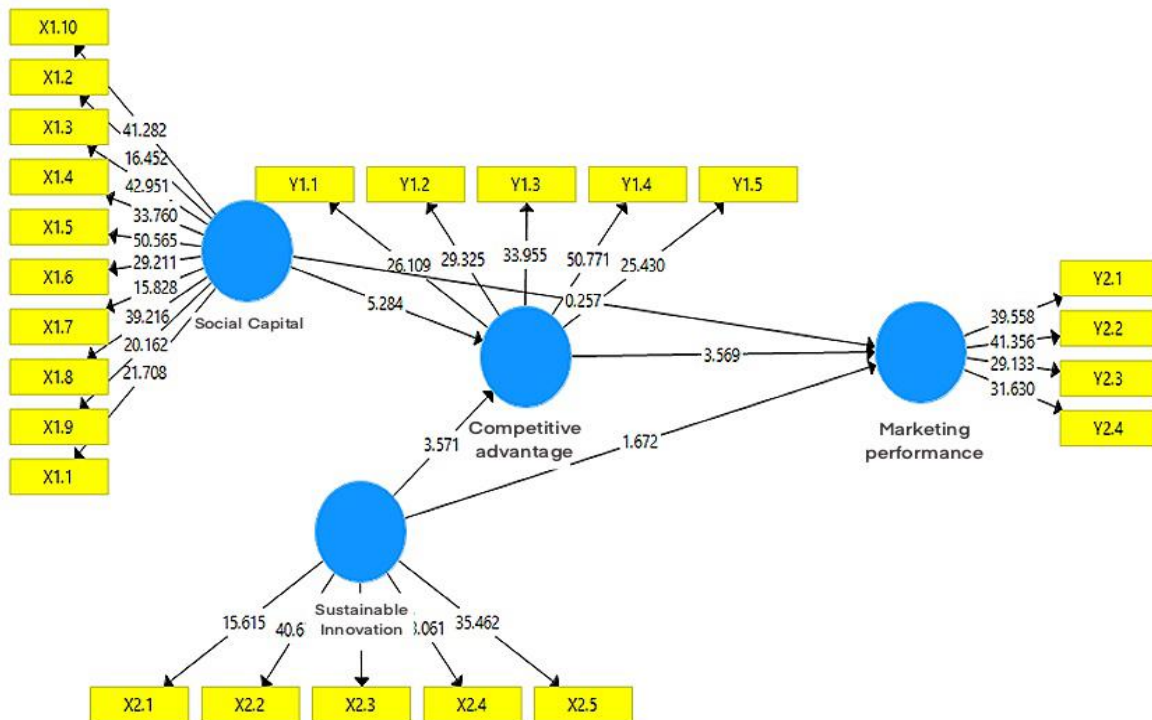
Based on the results of the t-statistical test, the effect of social capital on marketing performance shows a positive but not significant effect at the 0.05 level, because the t-statistical value is smaller than t-table 1.96, which is 0.257, so it does not support the hypothesis 2. The results of this study support Widjajanti's research (2017) which states that social capital has no direct effect on marketing performance.

Based on statistical tests, the effect of innovation on competitive advantage is positive and significant. This significance is indicated by the t statistic value of 3.525 which is greater than the t table of 1.96, supporting hypothesis 3. Based on the results of the analysis, it is explained that continuous innovation has a significant positive effect on competitive advantage, meaning that sustainable innovation can affect competitive advantage. The results of this study



are following the results of research conducted by Bahren et al (2019) which shows that companies that innovate sustainably are seen as a source of competitive advantage. Supported research findings from Gita (2015) show that sustainable innovation has a positive effect on competitive advantage. Correspondingly, continuous innovation will lead to the creation of a competitive advantage.

Based on statistical tests, it shows that the effect of continuous innovation on marketing performance is positive but not significant as indicated by the t statistic value of 1.712 which is smaller than the t table of 1.96 and does not support hypothesis 4. Based on the results of the analysis, sustainable innovation cannot directly affect marketing performance but requires a competitive advantage. That is, when innovation is continuously carried out in the sculpture industry without having a competitive advantage, it will not be able to improve marketing performance. The results of the study are supported by the findings of Ardyan et al. (2016) that innovation has no significant effect on performance.



**Figure 3. Results of t-test statistics**

Based on the results of statistical tests, the effect of competitive advantage on marketing performance is a significant positive. The significance shows that the t statistic value of 3.610 is greater than the t table of 1.96 supporting hypothesis 5 which states that competitive advantage has a significant positive effect on marketing performance. This result is supported by the research findings of Ghazali et al. (2015) The results of this study support the findings of Basuki and Widyanti (2015) stating that competitive advantage has a positive and significant effect on marketing performance.

The analysis in this study uses the examination method. The method of examination is by doing two analyzes, namely analysis involving mediating variables and analysis without involving mediating variables. The indirect relationship between social capital variables and marketing performance shows a significant relationship with a coefficient value of 0.254 and is significant. The indirect relationship between the innovation variable and marketing performance shows a significant relationship with a coefficient value of 0.178 and is significant. The results of the indirect relationship test are presented in Table 7.

**Table 7. Indirect Effect Coefficient Of Social Capital And Innovation Variables With Marketing Performance**

Variable	Original Sample	Sample Mean	Standard Deviation	T Statistic	P-Value	Description
<i>Social capital</i> → competitive advantage → marketing performance	0,254	0,252	0,085	3,000	0,003	Significant
<i>Sustainable innovation</i> → competitive advantage → marketing performance	0,178	0,176	0,071	2,520	0,012	Significant

Source: Data processed

Based on Table 6, it can be explained that the indirect effect is entirely positive and significant. Competitive advantage can mediate the effect of social capital on marketing performance with a t statistic of 3,000 which is greater than the t-table of 1.96. The effect of competitive advantage on marketing performance is positive and significant, supporting hypothesis 6 which states that competitive advantage mediates social capital on marketing performance. This means that social capital can improve its marketing performance if it has a good competitive advantage. The better the competitive advantage it has, the more its marketing performance will increase. The findings of this study support the findings of research conducted by Ferdinand (2005) which states that internal and external-based social capital can produce marketing performance through competitive advantage.

Competitive advantage can mediate the effect of continuous innovation on marketing performance with a t statistic of 2.520 which is greater than the t-table of 1.96. The effect of competitive advantage in mediating innovation on marketing performance is positive and significant, supporting hypothesis 7 which states that competitive advantage mediates continuous innovation on marketing performance. Companies that innovate continuously are seen as a source of competitive advantage that will be able to improve marketing performance (Bahren et al., 2019).

Competitive advantage fully mediates social capital and innovation in marketing performance. This shows that social capital and continuous innovation indirectly affect marketing performance. Based on the findings of this study, it is explained that competitive advantage fully mediates social capital and continuous innovation on marketing performance in a positive and significant way. This means that the more you innovate, the better the competitive advantage you will get to improve marketing performance. Research that examines competitive advantage with sustainable innovation states that innovation is an absolute thing that must be done to create a competitive advantage (Kuncoro and Suriani, 2017).

The findings of this study support the research findings of Ferdinand (2005) which shows that social capital can improve marketing performance through the company's competitive advantage. In addition to social capital, some innovations can improve marketing performance through competitive advantage. Based on the results of this study, social capital and sustainable innovation can improve marketing performance through competitive advantage. Competitive advantage as a full mediation in improving marketing performance supports hypothesis 8 which states that social capital and sustainable innovation can improve marketing performance through competitive advantage.

Development of research models conducted by Hartono and Soegianto (2013), Widjajanti (2017), Prasetyo and Harjanti (2013), Hartono et al. (2013), Rahmawati et al. (2018), Astuti et al. (2019), which states that social capital is not able to directly improve marketing performance. This study found the development of social capital in improving marketing performance through competitive advantage. Without a competitive advantage as a

mediation of social capital in improving marketing performance, indirectly social capital does not able to improve marketing performance in the traditional sculpture industry in Gianyar Regency. Development of research models conducted by Darmanto (2015), Ardyan et al. (2016), Susilowati and Kaharti (2019), and Zameer et al. (2020) stated the success of product innovation is not able to significantly improve marketing performance because it still uses traditional or manual processes. In the findings of this study, innovation requires competitive advantage as a mediation so that it can improve marketing performance. and marketing of traditional sculpture in Gianyar Regency.

Competitive advantage as a full mediation of the influence of social capital on marketing performance means that without a competitive advantage, social capital is not able to improve its marketing performance. Batu Padas traditional sculpture companies that have social capital need a competitive advantage as mediation in improving their marketing performance. Competitive advantage as a full mediation of the influence of innovation on marketing performance means that without a competitive advantage, innovation is not able to improve its marketing performance. Traditional *batu padas* sculpture companies that have innovations need a competitive advantage as mediation in improving their marketing performance. Competitive advantage as a full mediation in improving marketing performance both with social capital and innovation in the traditional sculpture industry in Gianyar Regency. The findings of this study support the findings of research conducted by Wijaya and Suasih, (2020) which states that the competitive advantage possessed by silver handicraft SMEs in Gianyar Regency can fully mediate the relationship between knowledge management and business performance.

## CONCLUSION

Based on the result, can be concluded social capital can increase competitive advantage in the traditional sculpture industry; continuous innovation is capable of increasing competitive advantage in the traditional sculpture industry; social capital is not able to directly improve marketing performance in the traditional sculpture industry; innovation is not able to directly improve marketing performance in the traditional sculpture industry; competitive advantage can improve marketing performance; competitive advantage acts as a social capital mediation in improving marketing performance; competitive advantage as a mediation of continuous innovation in improving marketing performance in the traditional sculpture industry. According to our empirical results, sculptures industry managers should build social capital and sustainable innovation to encourage and develop a competitive advantage to increase marketing performance. Our findings also offer new insight to support further studies of the benefits of managerial ties for the sculptures industry in developing countries.

This research implies that this research can provide a literature review related to the topic of research on improving the welfare of sculptures workers, and another implication of this research is that this research can provide direction for policymakers interested in improving the welfare of industrial sculpture workers. This research only examines the traditional sculpture industry in Bali, Indonesia, so it is not able to generalize. For further researchers, it is hoped that they will conduct research in wider industry..

## REFERENCES

- Agyapong, A., Aidoo, S. O., & Akomea, S. Y. (2021). Does managerial capability always drive performance? Empirical examinations of small and medium firms (SMEs) in a developing economy. *International Journal of Productivity and Performance Management*. Vol. ahead-of-print No. ahead-of-print. <https://doi.org/10.1108/IJPPM-10-2020-0551>

- Andrevski, G., and Ferrier, W. J. (2019). Does it pay to compete aggressively? Contingent roles of internal and external resources. *Journal of Management*, 45(2), 620-644.
- Ardyan, E. (2016). Market sensing capability and SMEs performance: the mediating role of product innovativeness success. *DLSU Business and Economics Review*, 25 (2), 79-97.
- Asashi, T. and Sukaatmadja, I. P. G. (2017). The Role of Product Innovation in Mediating the Effect of Market Orientation on Marketing Performance. *E-Journal of Management*, 6(4), 1816-1845.
- Bahren, B., Ramadhani, I. and Suroso, E. (2019). Building Competitive Advantage Through Product Innovation, Process Innovation, Marketing Innovation and Organizational Innovation to Improve Company Performance. *Journal of Management Economics*, 4(1), 8-18.
- Baxter, G. (2019). Capturing and Delivering Competitive Advantage in the Japan to Europe and Europe to Japan Air Cargo Markets: The Case of the ANA Cargo and Lufthansa Cargo AG Strategic Joint Venture. *MAD-Magazine of Aviation Development*, 7(2), 6-21.
- Bekmezci, M. (2015). Companies' profitable way of fulfilling duties towards humanity and environment by innovation. *Procedia-Social and Behavioral Sciences*, 18(1), 228-240.
- Chin, W. W. (2010). How to write up and report PLS analyses. In V. Esposito Vinzi, W. W. Chin, J. Henseler, & H. Wang (Eds.), *Handbook of partial least squares: concepts, methods and applications in marketing and related fields* (655–690). Berlin: Springer.
- Coleman, J. S. (2008). *Fundamentals of Social Theory* Translated by Imam Muttaqien, Derta Sri Widowati, and Siwi Purwandari.
- Cyiril, Y., Samuel, A., GomamGoyit, M., & Dakung, R. J. (2019). Innovative Service Delivery and Competitive Advantage of Small Scale Hotels in Nigeria: The Moderating Role of Opportunity Connectedness. *International Journal of Managerial Studies and Research*, 7(6), 22-24.
- Dewi, P. S. A., and Suprapti, N. W. S. 2018. Building Customer Loyalty Through Satisfaction Influenced by Product Quality, Price Perception and Brand Image (Study on Oppo Brand Smartphone Products). *Matrix: Journal of Management, Business Strategy and Entrepreneurship*, 12(2), 87-98.
- French, J. R., Raven, B., and Cartwright, D. (1959). The bases of social power. *Classics of organization theory*, 7, 311-320.
- Ghozali, I., and Latan, H. (2013). *Partial Least Square: Konsep Aplikasi Path Modelling XLSTAT*. Semarang: Badan Penerbit Universitas Diponegoro.
- Giantari, I.G.A.K. and Sukaatmadja, I.P.G. (2021), "Effects of environmental orientation, green marketing mix and social capital on the competitive advantage of real estate developers in Bali", *Property Management*, 32(2), 193-209.
- Hamdoun, M., Achabou, M.A. and Dekhili, S. (2022), "Could CSR improve the financial performance of developing countries' firms? Analyses of mediating effect of intangible resources", *European Business Review*, 34 (1), 41-61.
- Jeong, H. J. (2020). The Roles of Self-identity Cues and Public Self-consciousness in Volunteering for Socially Stigmatized Causes on Social Media. *Journal of Nonprofit & Public Sector Marketing*, 32(1), 47-72.
- Kadarningsih, A. (2013). Competitive Advantage; The Affecting Factors and Its Impact on Selling-In Performance (Studies on Patronage Outlets PT. Indosat Semarang). In *International Conference On Law, Business and Governance (ICon-LBG)* Vol. 1.

- Khoirrini, L., and Kartika, L. (2014). The Effect of Human Capital and Social Capital on Performance (Case Study of Food and Beverage Small and Medium Enterprises (UKM) in Bogor City). *Journal of Management and Organization*, 5(3), 244-257.
- Killa, Maklon Felipus. (2014). Effect of Entrepreneurial Innovativeness Orientation, Product Innovation, and Value Co-Creation on Marketing Performance. *Journal of Research in Marketing*, 2 (3), 198-204.
- Kingshott, R. P., Sharma, P., Sima, H., and Wong, D. (2020). The impact of psychological contract breaches within east-west buyer-supplier relationships. *Industrial Marketing Management*, 89, 220-231.
- Kuncoro, W. and Suriani, W.O. (2017). Achieving sustainable competitive advantage through product innovation and market driving. *Asia Pacific Management Review* 23(3): 186–193.
- Liu, C.-H.(S). (2021), "Creating competitive advantage through network ties, entrepreneurial orientation and intellectual capital", *Management Decision*, 59(9), 2238-2263.
- Prasetya, I. S., Sudarmawan, A., and Sudiarta. I.W. (2019). The Kamasan Puppet Painting Skill Reduction System By I Nyoman Mandra. *Undiksha Journal of Fine Arts Education*, 9(1), 1-12.
- Raven, B. H. (2008). The bases of power and the power/interaction model of interpersonal influence. *Analyses of social issues and public policy*, 8(1), 1-22.
- Rehman, S.U., Bresciani, S., Ashfaq, K. and Alam, G.M. (2021), "Intellectual capital, knowledge management and competitive advantage: a resource orchestration perspective", *Journal of Knowledge Management*, Vol. ahead-of-print No. ahead-of-print. <https://doi.org/10.1108/JKM-06-2021-0453>
- Ribek, P. K. (2019). Competitive Strategy Based on Innovation of Products and Implications To Marketing Performance To Improv Sales In Corporate Product Company In Bali. In *The 9th International Conference Rural Research and Planning Group*, 279-286.
- Ribek,P, K., Suprapti, N, W, S., Giantari, I, G, A, K., and Sukaatmadja, I, P, G (2021) Consciousness Value of Social Capital to Increase Competitive Advantage in The Art Industry in Bali. *Review of International Geographical Education (RIGEO)*,11(9),2856-2871.Doi: 10.48047/rigeo.11.09.253
- Riches, S., Maskey, R., Dishman, P., Benjamin MBE, J., Waddingham, R., Tebrook, C., and Fisher, H. L. (2019). Development, implementation and evaluation of Altered States of Consciousness: an immersive art exhibition designed to increase public awareness of psychotic experiences. *Arts & health*, 11(2), 104-122.
- Rodger, J. A. (2019). Quantum IS: A qualia consciousness awareness and information theory quale approach to reducing strategic decision-making entropy. *Entropy*, 21(2), 125.
- Salehi, M., Fahimi, M. A., Zimon, G., & Homayoun, S. (2021). The effect of knowledge management on intellectual capital, social capital, and firm innovation. *Journal of Facilities Management*.
- Sherlin, I. (2016). The Effect of Product Innovation and Marketing Performance on Competitive Advantage (Case Study of Kerinci Batik Small and Medium Industry). *Benefita Benefits Journal: Development Economics, Business Management & Accounting*, 1(3), 105-112.
- Sholekhah, I. M., Widodo, J., and Wahyono, W. (2020). The Effect of Social Capital and Learning Organization on Marketing Performance Through the Marketing Strategy. *Journal of Economic Education*, 9(1), 1-8.
- Sugiyanto, E. K., & Marka, M. M. (2017). Modal Sosial dan Human Capital Sebagai Alat Untuk Meningkatkan Kinerja Pemasaran. *Jurnal Manajemen dan Kewirausahaan*, 5(2), 36-42.

- Syahra, R. (2003). Modal sosial: Konsep dan aplikasi. *Jurnal Masyarakat dan Budaya*, 5(1), 1-22..
- Tuominen, T., Tuominen, P., Tuominen, H., and Jussila, I. (2013). Social capital: A source of sustained competitive advantage for consumer co-operatives. *International Business Research*, 6(12), 60-73.
- Urbancova, H. (2013). Competitive advantage achievement through innovation and knowledge. *Journal of competitiveness*, 5(1). 82-96
- Utaminingsih, A. (2016). The effect of market orientation, innovation, and creativity in marketing strategies on marketing performance of rattan craft SMEs in Teluk Wetan village, Welahan, Jepara. *Media Economics and Management*, 31(2).77-87
- Wang, H., Gao, S., Yin, P., and Liu, J. N. K. (2017). Competitiveness analysis through comparative relation mining: evidence from restaurants' online reviews. *Industrial Management and Data Systems*, , 117(4), 672-687.
- Widjajanti, K., Sugiyanto, E. K., and Marka, M. M. (2017). Marketing Performance Development Strategy Through Human Capital And Social Capital With Innovation Capability As Mediating Variable. *Journal of Socio-Cultural Dynamics*, 18(1), 95-108.
- Widyanti. (2015). The Influence of Motivation and Organizational Culture on Employee Performance at the Investment Agency and Integrated Licensing Services of Jepara Regency. *Journal of Public Policy and Management Review*. 4,(1).1-186.