

# Managing Innovation and Entrepreneurship Capability to Improve Marketing Performance

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This study aims to confirm the basic theoretical and empirical models that are built based on theories related to the capability of innovation, the ability to isolate product marketing, entrepreneurial ability, excellence in positioning the cultural attributes of a specific region and marketing performance. This research begins with exploratory research and used purposive sampling method. The population in this study is the batik industry with a scale of MSMEs with criteria in accordance with the Law of the Republic of Indonesia No. 20 of 2008, which sells its products on the domestic market. The unit of analysis is managers of SME's batik in several regions in Central Java. This result of the research found innovation capability has a positive effect on marketing performance and regiocultural attribute positioning advantage. Entrepreneurship capability positively influences marketing performance and regiocultural attribute positioning advantage. Regiocultural attribute positioning advantage has a positive and significant effect on marketing performance.

**Key words:** *Innovation Capability and Entrepreneurship Capability, Marketing Performance.*

## Introduction

Rapid technological development has not been fully adopted in the batik industry, such as written batik, printed batik, or batik motif textiles. Innovations that occur in the batik industry are difficult to predict, but if there are young people who have a passion to preserve this nation's heritage, batik will certainly flourish. Batik is now worldwide, the recognition of batik as a cultural heritage by the United Nations Agency for Education, Science and Culture (UNESCO) in 2009 is one of the proofs. Companies need to have the capacity to innovate, which has an impact on increasing company growth and obtaining high levels of performance (Guan & Ma,

2003). Innovations implemented by the company will contribute to competitiveness and growth and affect business performance (Osma & Guillamón-Saorín, 2011). The influence of innovation capabilities related to business performance has been widely studied and discussed by previous researchers ((Prajogo & Sohal, 2006). One of the results of empirical research has proven that innovation impacts business performance such as innovative performance, production performance, market performance and financial performance (Nawaz Khan et al., 2019). If the company wants to get better business performance, the company must be innovative and exploit innovation to achieve these goals (Neely et al., 2001).

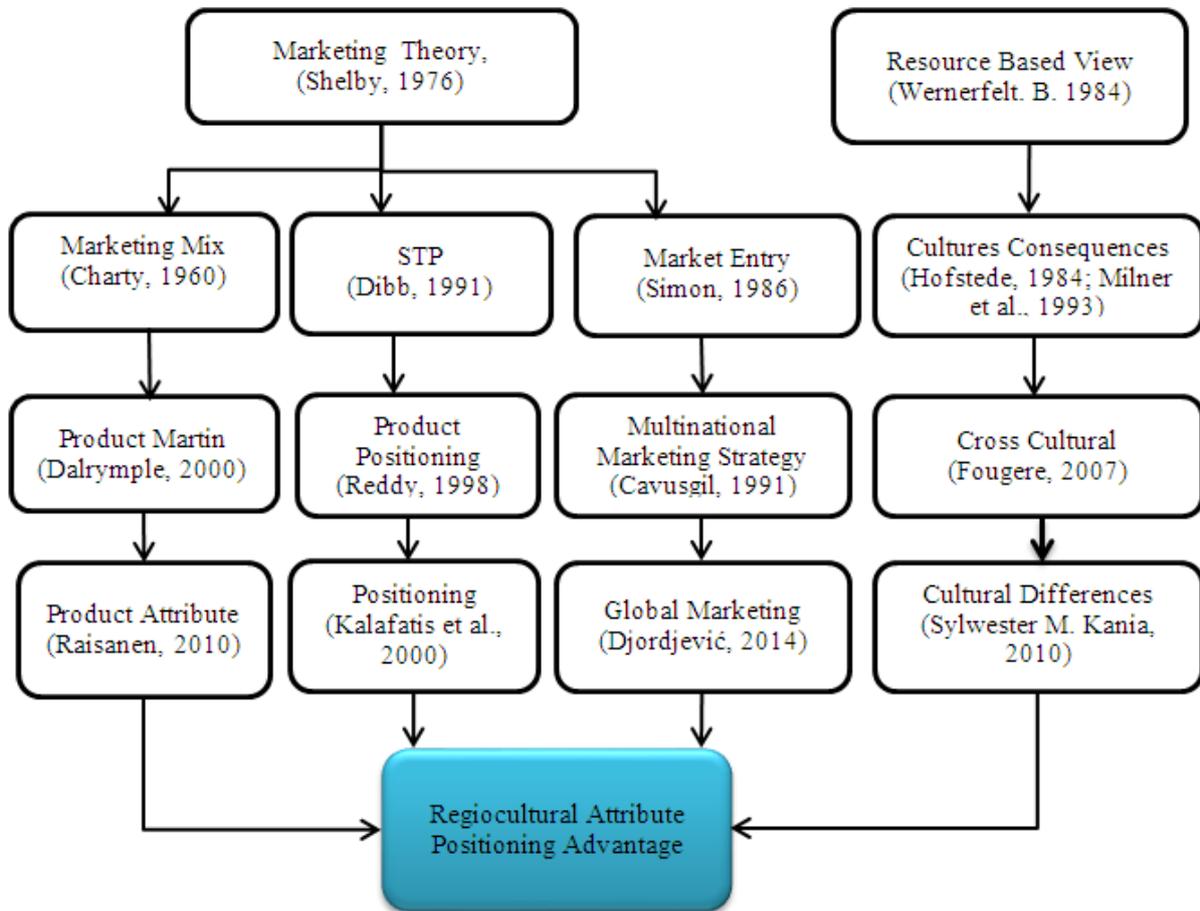
Companies are required to have the capability of innovation in order to implement innovation. Innovations made by companies come from the application of new ideas or behaviours that are adopted both inside and outside the company (Rong, Wu, & Boeing, 2017). A strong innovation capability is needed by large and small companies to achieve competitive advantage. The results of previous studies stated that the capacity of innovation has a positive and significant effect on the performance of each company. Small and medium businesses (SMEs) require innovation capabilities to drive high performance achievement (Rankhumise & Rugimbana, 2010). Research on the role of innovation and SMEs has been widely carried out by researchers including Chen & Huang, (2009) and provide an example for this research. The results of the study provide empirical evidence that the capability of innovation has a positive impact on business performance. The development of professional training and workshop development will enhance the ability of employees to develop and implement innovations in an effort to increase the company's competitive ability in business (Balan & Lindsay, 2010). High innovation capability can improve company performance for the better, as measured by sales, profitability, and market shares.

Some research results have proven the existence of a strong relationship between innovation capabilities with business performance, while other research results do not support the relationship between innovation capabilities with business performance. Research that examines the causality of innovation capability with business performance suggests that innovation capability has an influence on business performance. Barnhart & Rosenstein, (1998); Carraresi et al., (2012); Handayani et al., (2020); Sari et al., (2020); Scafarto, Ricci, & Scafarto, (2016) state that there is a positive relationship between the level of development and performance of domestic companies and this relationship is mediated by corporate investment in innovation. This study examines Regiocultural Attribute Positioning Advantage (RAPA) as a mediation between the capabilities of innovation and marketing performance. To exist and grow, every company must have some special abilities. RAPA in this study is a derivation of the merging of marketing theory and a resource based view. Based on the aforementioned notions, a proposition about RAPA can be built as a new concept proposed to improve marketing performance and provide an explanation of the different results of research, on the relationship between innovation capabilities on marketing performance. Different researchers

have conducted studies of innovation capabilities under different labels such as human resources (Penrose, 1959), special competencies (Selznick 1957, Snow and Hrebiniak, 1980), special skills (Crown & Spiller, 1998), assets invisible (Itami and Roehl, 1987), absorptive capacity (Cohen & Levintal, 1990), organisational capabilities (Dosi et al., 2000), technological capabilities (Lall, 1992), and marketing capabilities (Kotabe et al., 2002). All of these labels refer to specific abilities that companies create and use strategically to identify market gaps to be filled with new value offerings. These studies are important for understanding companies, however, there is no agreement on what capabilities guarantee superior survival and performance, or consensus on the final definition of innovation capabilities.

There are many studies on innovation capabilities aimed at developing positive results and performance, and trying to identify the capabilities needed that enable companies to innovate (Yam, Lo, Tang, & Lau, 2011). Companies need to understand the technology learning process which translates into technology development capabilities and operations capabilities, as well as managerial and transactional routines represented by management capabilities and transaction capabilities. The integration of these four capabilities effectively promotes innovation that creates competitive advantage. Some research results obtained results that innovation has a significant influence on marketing performance (Carraresi et al., 2012). These results are different from the results of research stating that innovation does not have a significant effect as has been done by (Allegrini et al., 2012). The existence of contradictions of the results of previous research, then this research, is based on the state of the art of theories and concepts. Previously there was a synthesis process, then a variable was proposed as a mediation between innovation and performance, namely (RAPA), seen in figure 1.

**Figure 1.** Ssynthesis Process



## Hypothesis Development

### *Innovation Capabilities on Marketing Performance*

Guan and Ma, (2003) consider the role of the seven dimensions of innovation capabilities (learning, research and development, manufacturing, marketing, allocating organisations, resources and strategic planning) and the three characteristics of the company (domestic market share, size and level of productivity growth) that determine export performance. The results of the study stated that the ability of innovation is expected to positively drive business performance (Chaveerug & Ussahawanitchakit, 2008); (Handayani et al., 2020; Irwandi et al., 2019; Pamungkas & Utomo, 2018; Wahyudi et al., 2019). The results of Chaveerug & Ussahawanitchakit, (2008) state that the ability of innovation has a positive and significant effect on business performance. The ability of innovation is important for organisational performance (Chabachib et al., 2019; Hidayah et al., 2020; Isgiyarta et al., 2019; Sari et al., 2020; Utomo, Irwandi, & Pamungkas, 2020). Various literature reviews about innovation, understanding innovation in organisations must be distinguished between how innovations are being implemented and the types of innovation results that will ultimately affect company

performance. This study proposes six constructs that can be used to examine the implementation of innovations at the company level. These constructions are leadership, managerial levers, business processes, innovation processes, innovation results and company performance.

Balan and Lindsay, (2010) show that the capability of innovation and entrepreneurship has a positive and significant effect on business performance. Chabachib et al., (2019); Chaveerug & Ussahawanitchakit, (2008); and Ghazali, Achmad, and Pamungkas, (2019) show that innovation has a positive and significant impact on business performance. Saunila et al., (2014) investigated the moderating effect of performance measurement in the relationship between determinants of innovation capability and business performance. The findings show that companies that measure the determinants of innovation capabilities, especially through the active exploitation of external knowledge, have a positive impact on business performance. Performance measurement can be used as a tool to improve SME performance through innovation capabilities.

**H1:** Innovation capability positive influence on marketing performance

### ***Innovation Capability on Regiocultural Attribute Positioning Advantage***

Exploration product development capabilities involve new technological knowledge and completely new product development for customers, as well as developing product offerings that contain new ideas with different features, will likely result in product differentiation (Atuahene-Gima, 2005). Atuahene-Gima, (2005) states that the capabilities of exploitative product development involve incremental improvements in existing products and technology or extension pathways. In addition, Yalcinkaya et al., (2007) state their findings although product changes are not radical, some product features are modified, which implies that there is a certain level of product evolution involved. Therefore, product features are improved in certain products and improvements in general can facilitate significant product differentiation. Most studies in the field of innovation capabilities have adopted certain types of innovation, such as product innovation, not overall innovation capabilities.

Lisboa et al., (2010) show that innovation capabilities are positively and significantly related to product differentiation. In addition, the results of Ozkaya's (2011) state that the capability of innovation has a positive effect on the type of novelty of the product. Forsman and Annala, (2011) state that most SMEs produce various types of innovations, including: products, services, processes, production methods and functions. Innovation capability is an ability that consists of overall innovation capability, for example, perspective of product innovation capability, process innovation capability, market innovation capability, strategic innovation capability, organisational capability, manufacturing capability, network capability,

entrepreneurial ability, and R&D capability (Forsman & Annala, 2011). The research results of Tajudin et al., (2012) prove that innovation is also confirmed to have a significant direct effect on the performance of new products.

**H2:** Innovation capability has a positive effect on regiocultural attribute positioning advantage

### ***Entrepreneurship Capability and Marketing Performance***

Zhao, Seibert, and Lumpkin (2010) show that awareness, openness to experience, emotional stability, extraversion, and risk tendencies positively related to the intention to become an entrepreneur. Awareness, openness to experience, emotional stability, and extraversion are each positively related to company performance. Each person's awareness and openness is positively related to the company's growth. Emotional stability is positively related to growth and profitability. The results of the study of Zhang et al., (2013) stated that the size of the organisation is not a determinant in the system of scanning effectiveness, but scanning the business environment for small businesses that are able to improve performance is important. The results of Agbim, Oriarewo, and Zever, (2014) show that entrepreneurship development is the process of realising innovative intentions by an individual or group of individuals, either new or old companies through a network to obtain the necessary capabilities that will increase business success in dealing with environmental uncertainty. In addition, to develop entrepreneurship through four dimensions: entrepreneurial intentions; entrepreneurial network; entrepreneurial ability; and entrepreneurial success. Roudini and Osman (2012) provide information and evidence of the role of international entrepreneurial capabilities on global corporate performance, namely there is a strong relationship between the dimensions of entrepreneurial ability and global corporate performance.

The research of Agbim et al., (2014) is consistent with the results of previous studies that the characteristics of entrepreneurship (age, gender, family background, creativity, education, experience and access to information) affect business performance. Watson (2012), shows that entrepreneurial characteristics (family background, creativity, education, experience and access to information) affect business performance. The findings of Rankhumise and Rugimbana, (2010) reveal that the availability of information infrastructure, financial management and various products in stores increases the performance of SMEs.

**H3:** Entrepreneurship capability has a positive effect on marketing performance

### ***Entrepreneurship Capability on Regiocultural Attribute Positioning Advantage***

The study of Scott and Venkataraman (2010), defines entrepreneurs as individuals who find, evaluate, and take advantage of profitable opportunities. The new business aims to gain profit,

power, visibility, and market share will be strived for by entrepreneurs to achieve all these objectives (Aldrich, 2000). Entrepreneurs need to learn how to supply new businesses with resources, such as financial capital, qualified personnel, technology, strategic partnerships, and customers (Zimmerman and Zeitz, 2002). Ahuja and Katila's (2004) research shows that when entrepreneurs lack instant resources to carry out missions, they tend to look for new organisational routines, find new approaches by utilising technology and developing resources through innovation. Scott and Venkataraman, (2010) state that entrepreneurial theories have focused on the creation and growth of business, through the identification and utilisation of opportunities by bringing new goods and services to the market. Schildt, Maula, and Keil's (2005) research is consistent with the approach to learning environmentally based situations and entrepreneurial learning, especially with regard to how entrepreneurs utilise and develop technologies that are relevant to new products or business processes planned. Agbim et al., (2014) state that entrepreneurship consists of entrepreneurs, entrepreneurs and companies. Entrepreneurs are individuals or groups of individuals who combine resources based on new ideas, so that they can add new value, existing products and, or add innovation in the services provided. Entrepreneurship is an entrepreneurial process in developing entrepreneurship, while companies are a place to produce products or services that are delivered to the public.

**H4:** Entrepreneurship capability has a positive effect on regiocultural attribute positioning advantage

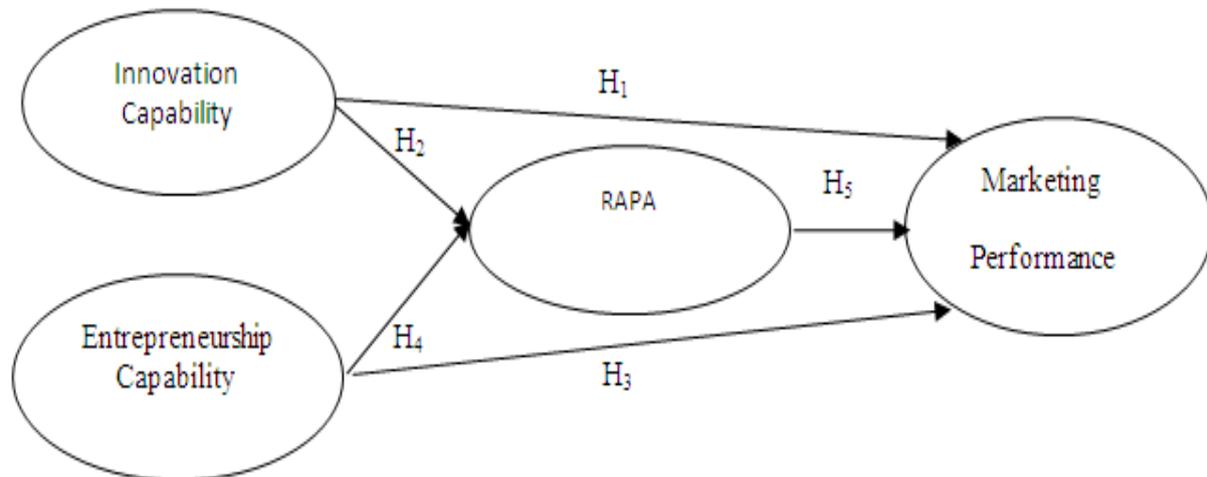
#### ***Regiocultural Attribute Positioning Advantage (RAPA) on Marketing Performance***

Walker (2004) examines the influence of product and process innovations on company performance and found that product innovation in particular, had a positive effect on business performance, especially company growth. Whiting and Woodcock, (2011) found that the orientation of an increase in new products, has a significant effect on growth as a dimension of business performance and greater profits compared to process improvement. Lin & Chen (2007) reveal that product innovation is closely related to increasing company sales. Meeker, Parikh, and Jhaveri (2009) suggest that adding product complexity can create greater profits if complexity is managed effectively. The results of research by Gunday et al., (2011) indicate that product innovation has a positive relationship with market performance, using innovation performance as a mediator. Competitive advantage and company performance largely depend on their ability to create new and innovative products (Hall et al., 2009). Product differentiation is positively and significantly related to market effectiveness (Lisboa et al., 2010). Jimenez and Fuentes, (2013) show that there is a significant relationship between the ability of the combination of knowledge, products and process innovation; and between product and process innovation, and business performance.

The Research Model in this study is presented in Figure 2.

**H5:** RAPA has a positive effect on marketing performance

**Figure 2.** Research Model



## Design Research

### *Types of Research*

This research begins with exploratory research, which is an initial research activity to find and limit research problems, to be applicable and researchable (Zigmund, 2003). This study aims to confirm the basic theoretical and empirical models that are built, based on theories related to the capability of innovation, the ability to isolate product marketing, entrepreneurial ability, excellence in positioning the cultural attributes of a specific region and marketing performance. This study aims to prove correlated theories within a company, starting from theoretical and empirical confirmation by explaining causal relationships between variables, while making research implications that can contribute to the development of theory and the development of science. This type of research can be classified as Fundamental Research.

### *Population and Sample*

The population in this study is the batik industry with a scale of Micro, Small and Medium Enterprises (MSMEs) with criteria in accordance with Law of the Republic of Indonesia No. 20 of 2008, which sells its products on the domestic market. The population refers to the data distribution of the number of SME'S batik in Central Java listed in the Batik Industry Map Report of the Department of Industry and Trade of Central Java Province in 2017. The unit of analysis that will be used as respondents in this study are the owners, managers or owners as well as managers of SME's batik in several regions, Central Java. The consideration for determining this respondent is that the owner or manager of SME's is considered to be the

person who is responsible and knows the management of SME as a whole. This is both regarding human resources or labour, the amount of capital, products produced, competencies owned, performance achievements and entrepreneurial capabilities they have. The determination of regency or city of origin of SME's batik, is focused on cities or regencies that are rated as batik producing centres in Central Java based on 2 (two) groups, namely 1) Keraton Batik (Sragen Regency, Sukoharjo Regency and Surakarta City) and 2) Coastal Batik (Semarang City, Rembang-Lasem Regency, Pekalongan Regency, Klaten Regency). Furthermore the sample is a subset or part of the population, which consists of several members of the population. This subset was taken because in many cases it is not possible to examine all members of the population.

### ***Operational Definition and Variable Measurement***

**Table 1:** Operational Definitions, Variable Measurement and Indicator Variables

Variable	Operational Definitions	Measurement	Indicator
Innovation Capability	The ability to continuously transform new knowledge and ideas into products, processes and systems for the benefit of the company and its stakeholders (Cohen & Levinthal, 1990); Zawislak et al., 2012)	Interval Scale	<ol style="list-style-type: none"> <li>1. Able to create unique motifs</li> <li>2. Develop superior colouring</li> <li>3. Complex style</li> <li>4. Make product differentiation</li> <li>5. Creating batik motifs that are difficult to imitate.</li> </ol>
Entrepreneurship Capability	Entrepreneurship Capability is defined as the ability to acquire and development tendencies, skills and ability to find, to join or grow a business (Zahra and Sharma, 2004)	Interval Scale	<ol style="list-style-type: none"> <li>1. Find new ideas.</li> <li>2. Anticipating changes in market needs.</li> <li>3. Proactively looking for market information.</li> <li>4. Dare to compete in new markets.</li> <li>5. Dare to launch new products.</li> </ol>
Regiocultural Attribute Positioning Advantage	The strength of positioning the product attributes that have regional motives, shades of cultural blend, there are symbols of regional	Interval Scale	<ol style="list-style-type: none"> <li>1. The excellence of regional motifs.</li> <li>2. Excellence style nuanced cultural fusion.</li> </ol>

Variable	Operational Definitions	Measurement	Indicator
	identity and local cultural identity		3. Excellence symbol of identity of origin 4. The distinctiveness of the local cultural identity.
Marketing Performance	The measure of results achieved by companies caused by marketing activities or company operations (Ferdinand (2000) and Panigyrakis and Theodoridis (2009))	Interval Scale	1. Sales volume. 2. Sales growth. 3. Sales value. 4. Market area. 5. Net income to sales.

**Source:** Developed from various literature, 2020

The sampling method uses a purposive sampling method with the following criteria: 1) The sample has a business experience of at least 2 years because it is considered to have experience in the batik industry, 2) MSMEs have a permanent workforce, meaning that the company is assumed to be relatively stable and can produce continuously, 3) Already carrying out production process activities. This study uses a Structural Equation Modelling (SEM) analysis tool that is sensitive to the number of samples, where the representative sample size is at least 5 times the number of observations for each estimated parameter. Thus if the estimated parameters are 20, the minimum number of samples is 100 samples (Hair et al, 2010). A more detailed description of operational definitions, variable measurement and indicator variables is presented in Table 1 and number of questionnaires are distributed in Table 2.

### *Data Analysis*

**Table 2:** Number of Questionnaires distributed

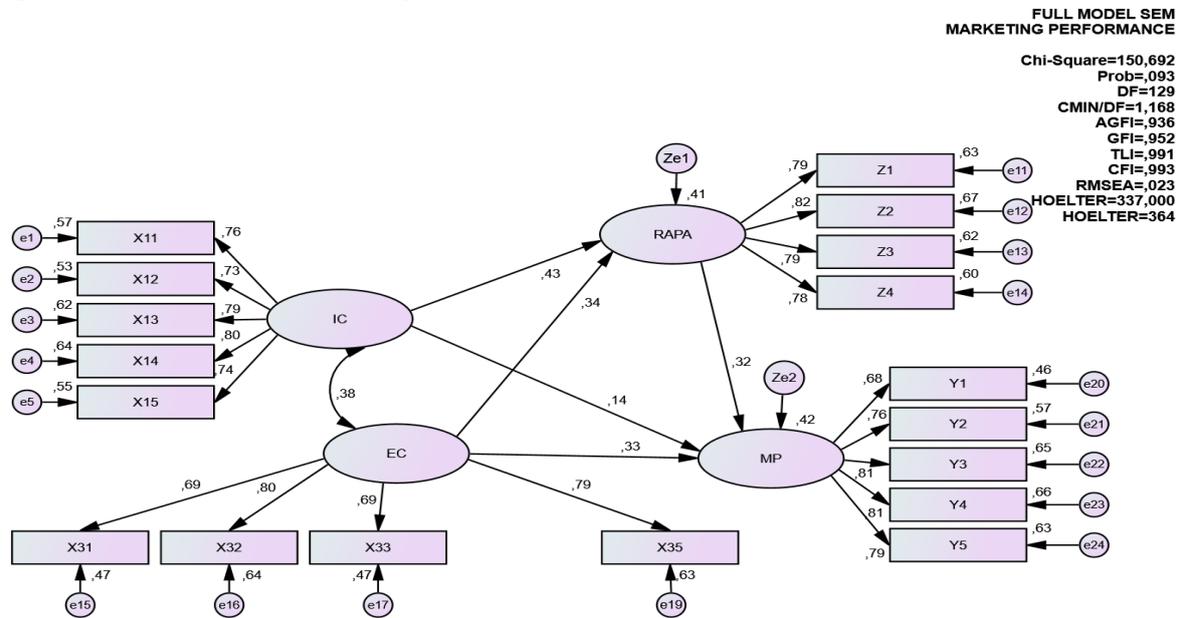
Description	Total	Difference	Percentage
Questionnaire distributed	460		
Returned questionnaire	435	25	5,43
Data processed early	407	28	6,44
Data fit	366	41	10,07
Clean data that is processed	325	41	11,20

Source: Primary data processed, 2020

Out of a total of 460 distributed questionnaires there is data that has not been returned by 5.43% (25) data and the number of data returned, as many as 435 data. Net data is processed

by 325 respondents. Testing the feasibility of full models marketing performance is presented in Table 3 and full models marketing performance in this study presented in Figure 3.

**Figure 3.** Full Models Marketing Performance



**Table 3:** Testing the Feasibility of Full Models Marketing Performance

Goodness of fit	Cut off Value	Model Results	Information
$\chi^2$ – Chi-Square	$\alpha = 0,05$ ; DF = 129 156,51	150,692	It is expected that the small value $\chi^2$ with DF = 129 is 150,692, so it looks 150,692 is smaller than 156,51
Free Degrees, DF		129	
$\chi^2$ – Significance Probability	$\geq 0,05$	0,093	Fit
Relative $\chi^2$ (CMIN/DF)	$\leq 2,00$	1,168	Fit
GFI	$\geq 0,90$	0,952	Fit
TLI	$\geq 0,95$	0,991	Fit
AGFI	$\geq 0,90$	0,936	Fit
CFI	$\geq 0,95$	0,993	Fit
RMSEA	$\leq 0,08$	0,023	Fit

**Source:** primary data processed (2020)

The feasibility test of the Exogenous Constructive CFA Model shows that the fully fit measurement model meets the model's eligibility requirements, because the chi-square value is relatively small ( $150,692 < 156,51$ ), the probability is  $0.093 \geq 0.05$ , and other fit indices such

as Relative  $\chi^2$  (CMIN / DF), i.e.  $1,168 \leq 2.00$ ; Goodness of-fit Index (GFI):  $0.952 \geq 0.90$ ; Tucker Lewis Indexs, (TLI):  $0.991 \geq 0.95$ ; Adjusted Goodness of-fit Index (AGFI):  $0.936 \geq 0.90$ ; Corporative fit Index (CFI):  $0.995 \geq 0.95$ ; and Root Mean Square Residuals / RMSEA:  $0.023 \leq 0.08$ , all showing fit. Modelling with SEM analysis tools is recommended to use data testing, including: normality test, outlier test, residual test, multicollinearity and singularity test.

### ***Testing and Development of Research Models***

The causal relationship model developed in this study, as presented in the empirical model of Figure 2 will test 5 (five) hypotheses consisting of 3 (three) direct effects, and 2 (two) indirect effects. The main constructs in this study consist of 4 (four) constructs, namely Innovation Capability, Entrepreneurship Capability, Regiocultural Attributes Positioning Advantage (RAPA) and Marketing Performance. The assessment of the research model is carried out using a structural equation model or SEM with the help of AMOS version 22. Testing of hypotheses 1 through 5 of the model in Figure 3 is explained again in the set of tiered regression equations as follows:

$$\begin{aligned} \text{a. } \text{RAPA} &= \beta_1 \text{IC} + \beta_2 \text{EC} + \delta_1 & \leftrightarrow & \text{RAPA} = 0.428 \text{IC} + 0.344 \text{EC} + e \\ \text{b. } \text{MP} &= \beta_3 \text{IC} + \beta_4 \text{EC} + \beta_5 \text{RAPA} + \delta_2 & \leftrightarrow & \text{MP} = 0.137 \text{IC} + 0.327 + 0.323 + e \end{aligned}$$

Information :  
IC : Innovation Capability  
EC : Entrepreneurship Capability  
RAPA : Regiocultural Attribute Positioning Advantage  
KP : Marketing Performance

### **Discussion of Research Results**

Analysis of indirect effects is used to determine the effect of the hypothesised constructs. The direct effect is a regression weight or path coefficient, while the indirect effect arises when there is a mediation construct. This analysis is done manually which results from Amos output for direct influence and not as presented in the following Table 4:

**Table 4:** Results of Calculation of Direct and Indirect Effects (a)

No	Path	Calculation of Influence Value	Regression coefficient	Path Characteristics	Result
1.	Innovation Capability → Marketing Performance	0,137	0,137**	<i>Direct affect</i>	Significant
2.	Innovation Capability → Regiocultural Attribute Positioning Advantage → Marketing Performance	0,428 x 0,323	0,138*	Through intervening variables	Significant
3.	Entrepreneurial Capability → Marketing Performance	0,327	0,327*	<i>Direct affect</i>	Significant
4.	Entrepreneurship Capabilities → Regiocultural Attribute Positioning Advantage → Marketing Performance	0,344 x 0,323	0,111*	Through intervening variables	Significant

**Source:** Primary data processed, (202)0

\* significant at  $\alpha$  1%

\*\* significant at  $\alpha$  5%

The results of the manual calculation is obtained via the value of direct and indirect effects as shown in the Table 4. Therefore there are 4 (four) paths that can prove the direct and indirect influence of research constructs on marketing performance. Hypothesis 1 research results indicate that the innovation capability has a significant impact in improving marketing performance. In accordance with the results of previous studies the capability of innovation can improve marketing performance. The second hypothesis is that the capability of innovation has an indirect effect on marketing performance, through the Regiocultural Attribute Positioning Advantage. Thus it can be said that in order for Capability of Innovation to be able to improve and able to improve Marketing Performance, it can be done in another way which is to create corporate excellence in positioning regional cultural attributes. The new concept proposed in this study shows a significant influence in highlighting the research gap between Innovation Capability and Marketing Performance. The third finding is the direct effect of the Entrepreneurial Capability on Marketing Performance. The results of the calculation of the direct influence between Entrepreneurial Capability and Marketing Performance is 0.327. This third pathway has the potential to directly increase marketing performance. This path is another alternative pathway that can resolve the gap between Innovation Capability with Marketing Performance, because it has a positive influence value from the results of the calculation value

on the other paths. This means that Entrepreneurial Capability owned by the company can improve marketing performance.

The fourth finding is the indirect effect of the Entrepreneurial Capability to Marketing Performance through Regiocultural Attribute Positioning Advantage. This means that Entrepreneurial Capability owned by companies lacks a strong influence on improving Marketing Performance through Regiocultural Attribute Positioning Advantage. Thus it can be said that Entrepreneurial Capability owned by the company, can increase the Regiocultural Attribute Positioning Advantage so that it has a strong potential in improving marketing performance. Analysis of direct, indirect and total effects is used to determine the effect of the hypothesised constructs. The direct effect is a regression weight or path coefficient, while the indirect effect appears when there is a mediating construct. The sum of both is total effect. Direct, indirect and total effects are presented in the following Table 5.

**Table 5:** Results of Calculation of Direct and Indirect Effects (b)

No	Path	Direct	Not Direct	Total Effect	Result
1.	Innovation Capability → Regiocultural Attribute Positioning Advantage → Marketing Performance	0,137	0,138	0275	Mediating
2.	Entrepreneurial Capability → Regiocultural Attribute Positioning Advantage → Marketing Performance	0,327	0,111	0,438	Mediating

**Source:** Primary data processed, (2020)

## Conclusions

Innovation Capability has a positive effect on Marketing Performance. The results of testing against H1 which states that the Innovation Capability has a positive and significant effect on marketing performance is proven. The capability of innovation positively influences the Regiocultural Attribute Positioning Advantage. The results of testing on H2 which states that the Innovation Capability has a positive and significant effect on the Regiocultural Attribute Positioning Advantage. Hypothesis 3 which states that Entrepreneurship Capability positively influences Marketing Performance. The results of testing on H4 which states that the Entrepreneurship Capability has a positive effect on the Regiocultural Attribute Positioning Advantage is proven. The results of statistical tests on this H5, show that the RAPA has a positive and significant effect on marketing performance.

## **Implications**

RAPA in this study are reflected through the excellence of regional unique motifs, the superiority of nuanced cultural nuances, the superiority of the originating regional identity symbols and the distinctiveness of the local cultural identity, which ultimately impacts on marketing performance. Thus managerial implications in improving marketing performance can be done with several strategies, namely: First, improving marketing performance by enhancing the capabilities of innovation that can strengthen the advantage of positioning the cultural attributes of a specific region (RAPA). These efforts can be realised by batik SMEs by increasing the ability to create unique motifs, by developing superior colouring, being able to make complex patterns, being able to make product differentiation and being able to create batik motifs that are difficult to replicate will increase RAPA, which ultimately has an impact on improving marketing performance. Second, Marketing Performance can be improved by building Entrepreneurial Capabilities that can strengthen the RAPA. The efforts of these batik SMEs can be realised by increasing the ability to find new ideas, by anticipating changes in market needs, proactively seeking market information, and daring to launch new products will be able to increase RAPA which has an impact on improving marketing performance.

## **Limitations**

This study uses samples from several batik-producing cities in Central Java that include Sragen Regency, Sukoharjo Regency, Surakarta City, Semarang City, Rembang-Lasem Regency, Pekalongan Regency, and Klaten Regency, which certainly can limit the generalisation of research results. In this study, to answer the problem of the factors that are predictors of marketing performance only focuses on three factors, namely: Innovation Capability, Entrepreneurship Capability and Regiocultural Attributes Positioning Advantage. There are still many predictors besides these three factors that affect marketing performance. This research only focuses on the perspective of companies that only use data taken from the perspective of the company and do not use data taken from the perspective of consumers. This is a limitation in this study because it can limit the generalisation of research results.

## **Recommendation**

Future studies should increase this number for the purpose of increasing the generalisation of research results. In addition, future studies should also use samples that are considered to be more representative of the study population, thereby increasing the generality of research results. Researchers can then consider the use of other antecedent variables that can potentially improve marketing performance, for example marketing capability. The research model can be re-tested in other industries and in other cities, not only 7 batik-producing cities in Central Java but tested in other batik-producing cities in Indonesia. This research is oriented to examine



from a company perspective. For future research, consider using dyadic data analysis using data taken from the perspective of companies and consumers.

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