

Economics and Business Quarterly Reviews

Probosari, N., Kusmayadi, A., Wijayani, A., Ardhanariswari, K. A., Siregar, I. R. P. S. N., & Viyani, A. O. (2022). Relationship Between Knowledge Management with Cost Leadership and Differentiation Strategies in Sumbawa Weaving SMEs: The Moderating Role of Organizational Design. *Economics and Business Quarterly Reviews*, 5(3), 229-238.

ISSN 2775-9237

DOI: 10.31014/aior.1992.05.03.450

The online version of this article can be found at:
<https://www.asianinstituteofresearch.org/>

Published by:
The Asian Institute of Research

The *Journal of Economics and Business* is an Open Access publication. It may be read, copied, and distributed free of charge according to the conditions of the Creative Commons Attribution 4.0 International license.

The Asian Institute of Research *Journal of Economics and Business* is a peer-reviewed International Journal. The journal covers scholarly articles in the fields of Economics and Business, which includes, but is not limited to, Business Economics (Micro and Macro), Finance, Management, Marketing, Business Law, Entrepreneurship, Behavioral and Health Economics, Government Taxation and Regulations, Financial Markets, International Economics, Investment, and Economic Development. As the journal is Open Access, it ensures high visibility and the increase of citations for all research articles published. The *Journal of Economics and Business* aims to facilitate scholarly work on recent theoretical and practical aspects of Economics and Business.



ASIAN INSTITUTE OF RESEARCH
Connecting Scholars Worldwide

Relationship Between Knowledge Management with Cost Leadership and Differentiation Strategies in Sumbawa Weaving SMEs: The Moderating Role of Organizational Design

Ninik Probosari¹, Andi Kusmayadi², Ari Wijayani³, Kartika Ayu Ardhanariswari⁴, Ilham Ramadan Pandu Setia Negara Siregar⁵, Ari Okta Viyani⁶

¹ Faculty of Economics and Business, UPN “Veteran” Yogyakarta, Yogyakarta, Indonesia

² Department of Cooperatives, SMEs, Industry and Trade, Sumbawa Regency, NTB, Indonesia

³ Faculty of Agriculture, UPN “Veteran” Yogyakarta, Yogyakarta, Indonesia

⁴ Faculty of Social Science and Political Science, UPN “Veteran” Yogyakarta, Yogyakarta, Indonesia

⁵ Faculty of Economics and Business, Gadjah Mada University, Yogyakarta, Indonesia

⁶ Faculty of Economics and Business, Gadjah Mada University, Yogyakarta, Indonesia

Correspondence: Faculty of Economics and Business, UPN “Veteran” Yogyakarta, Yogyakarta, Indonesia. Tel: (0274) 486733. E-mail: ninik.probosari@upnyk.ac.id

Abstract

Small and Medium Enterprises (SMEs) are the main drivers of the economy in developing countries, one of which is Indonesia. Several SMEs still need to be developed in Indonesia, especially for the 3T region (lagging, leading, and outermost). Sumbawa is one of these areas. The majority of SMEs in the Sumbawa area are weaving SMEs. Weaving SMEs in this region still have problems in terms of SME competitiveness, innovation, and SME creativity. Therefore, they have not been able to compete with SMEs outside the 3T area. Thus, the importance of competitive strategy and knowledge management can encourage the management of information into knowledge that can be used for strategic decision-making, especially the competitive strategy of SMEs. This study will examine the application of knowledge management to SMEs in Sumbawa and whether the applied knowledge management can encourage the creation of a competitive strategy for Sumbawa SMEs. The research was conducted by census/saturated sampling to produce accurate results. The results show that the application of knowledge management in Sumbawa SMEs is proven to influence SMEs' competitive strategy. The study also contributes to new research on the role of organizational design that can affect knowledge management's influence on competitive strategy.

Keywords: Knowledge Management, Competitive Strategy, Cost Leadership Strategy, Differentiation Strategy, Organizational Design, Weaving SMEs, Sumbawa Regency

1. Introduction

1.1. Background

Empirical evidence shows that regions or countries that are successful in the socio-economic field are supported by developing innovation systems. The national innovation system is defined as a systems approach, which understands the construction from the objects, as well as examines issues and their innovation policy. The national innovation system can't stand alone, which in practice is like a cube with three different sides but mutually supports the structural innovation system and the regional innovation system.

Small and Medium Enterprises (SMEs) are the main drivers of the economy in Indonesia, which contribute 61.7% of GDP and are able to absorb labor up to 97% of the total national workforce. However, access to financial institutions is still very limited, at only 27%. In 2020, the number of SMEs in Indonesia reached 34 million, of which 98.9% are micro-enterprises. Along with the high growth of cooperatives and SMEs, it is hoped that it will have a positive impact on decreasing unemployment and poverty in Indonesia (Probosari et al., 2022).

The trend of SME development also occurs in West Nusa Tenggara Regency. In 2020, there were 48,091 SME units spread across 10 regencies/cities; one of the areas with the fairly rapid development of SMEs is Sumbawa Regency, with a total of 1009 SME units (Probosari et al., 2022).

One of the SMEs that developed in Sumbawa Regency and became one of the superior regional products is Sumbawa Weaving. However, the development of weaving SMEs tends to be stagnant due to various problems, such as the declining interest of the younger generation to become weaving entrepreneurs, the scarcity of raw materials for weaving SMEs, and the competitiveness of weaving products from other regions which are better in terms of the selling price, innovation, and creativity in motifs and product quality.

The research conducted by Ngah & Wong (2020) about the relationship between the dimensions of knowledge management on cost leadership and differentiation strategies has been carried out, and empirical results show that knowledge management has a positive effect on competitive strategies, both for cost leadership strategy and differentiation strategy. Likewise, a lot of research on organizational design. In this study, the researcher tries to link the articles by making the organizational design moderating the role of knowledge management on the improvement of cost leadership and differentiation strategies that focus on Sumbawa weaving SMEs.

Therefore, the research objective and theoretical implication of this study are to find out the positive influence of knowledge management on cost leadership and differentiation strategies in Sumbawa weaving SMEs and the influence of organizational design as moderating the role of knowledge management on the improvement of cost leadership and differentiation strategies in Sumbawa weaving SMEs.

1.2. Importance of the Problem

The researcher chose this topic because the topic can provide new insight into the positive influence of knowledge management on cost leadership and differentiation strategies in Sumbawa weaving SMEs. So that later it is hoped that the researcher can provide recommendations for selecting the right competitive strategy (cost leadership strategy or differentiation strategy) for Sumbawa weaving SMEs that have various problems, such as the declining interest of the younger generation to become weaving entrepreneurs, the scarcity of raw materials for weaving SMEs, and the competitiveness of weaving products from other regions which are better in terms of the selling price, innovation, and creativity in motifs and product quality. It is also important for the researcher to be able to analyze the influence of organizational design as moderating the role of knowledge management on the improvement of cost leadership and differentiation strategies in Sumbawa weaving SMEs so that the level of accuracy in this study becomes better.

1.3. Research Questions

Based on the problems above, the research questions of this study are as follows:

1. What knowledge management has a positive role in cost leadership and differentiation strategies in Sumbawa weaving SMEs?
2. How is organizational design moderate the role of knowledge management in improving cost leadership and differentiation strategies in Sumbawa weaving SMEs?

1.4. Research Objectives

Based on the research questions above, the research objectives of this study are as follows:

1. To find out the relationship between knowledge management has a positive role on cost leadership and differentiation strategies in Sumbawa weaving SMEs.
2. To find out the relationship between organizational design moderates the role of knowledge management in improving cost leadership and differentiation strategies in Sumbawa weaving SMEs.

1.5. Research Limitations

In order to answer the research objectives above, the researcher makes sure to make the research limitation. The research limitation in this study focuses on data collection obtained from the top-level management (C-level) in 48 (all) weaving SMEs in Sumbawa Regency. C-level here is Founder of SMEs.

2. Literature Review

2.1. Knowledge Management

Knowledge management has gone through many phases and iterations across disciplines, so giving rise to many interpretations. Knowledge management is defined as a systematic approach or strategy to find, understand, and use knowledge to create value that can increase the efficiency and productivity of internal resources (Gholami et al., 2013). Although there are many interpretations of knowledge management, it is agreed that knowledge is the core of knowledge management.

2.2. Competitive Strategy

There are 3 generic competitive strategies as proposed by Porter (1985), namely cost leadership strategy, differentiation strategy, and focus strategy. The three strategies are pursuing competitive advantage in various segments (Gibcus & Kemp, 2003). Rao & Holt (2005) suggest that the competitiveness of SMEs can be measured only after the adoption of better knowledge management practices. For this study, only two strategies were chosen, namely, cost leadership strategy and differentiation strategy, usually done by SMEs.

2.3. Cost Leadership Strategy

In a cost leadership strategy, organizations will seek efficiency by focusing on cost minimization (Kaya, 2015). The main focus of the cost leadership strategy is to lower costs against competitors without compromising on quality, service, and other related areas (Merono et al., 2004).

2.4. Differentiation Strategy

In the differentiation strategy, the organization focuses on superior quality and reputation (Varadarajan, 1998). Positioning using a differentiation strategy can help organizations to be unique and different from competitors. This unique is compensated with a premium price.

2.5. Relationship between Knowledge Management and Competitive Strategy

Knowledge management can be used as a business strategy (Scurtu and Neam'u, 2015; Halawi et al., 2006). The available knowledge is quite important to develop and maintain a strong competitive position for the organization (Rahimli, 2012). The challenge for SMEs is to be able to capture knowledge and utilize it throughout the organization (Alawneh et al., 2009).

2.6. Organizational Design

Based on the literature study, it is assumed that aligning the company's organizational design and knowledge management will increase the company's overall profitability (Evanschitzky et al., 2011; Johansson & Olhager, 2004).

This study tries to link two main articles, and one book: (1) Linking knowledge management to competitive strategies of knowledge-based SMEs (Nghah & Wong, 2020), (2) The environment-strategy-structure fit and performance of SMEs and serviced SMEs (Ambroise & Prim-Allaz, Teyssier, & Peillon, 2018), and Sumbawa weaving SMEs development strategy (Probosari et al., 2022). This study entitled "Relationship between Knowledge Management with Cost Leadership and Differentiation Strategies: The Moderating Role of Organizational Design" focuses on Sumbawa Weaving SMEs as the object of research.

2.7. Conceptual Framework and Hypotheses

In conducting this research, it is necessary to have a conceptual framework that aims to provide a conceptual description of the research hypotheses. The conceptual framework is shown in Figure 1. below.

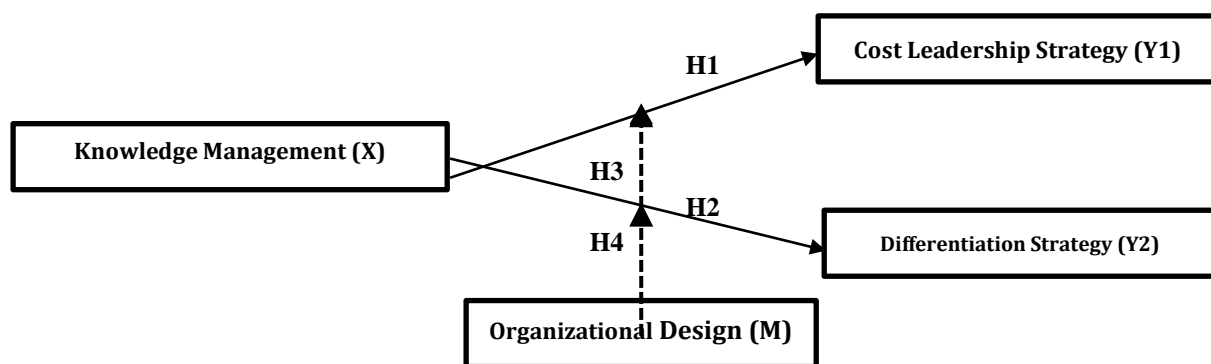


Figure 1: Conceptual Framework

Source: (Researcher, 2022)

From the conceptual framework above, there are 4 hypotheses of this study:

- H1 : positive relationship of knowledge management with cost leadership strategy in Sumbawa weaving SMEs.
- H2 : positive relationship of knowledge management with differentiation strategy in Sumbawa weaving SMEs.
- H3 : the relationship of organizational design moderates the role of knowledge management in improving cost leadership strategy in Sumbawa weaving SMEs.
- H4 : the relationship of organizational design moderates the role of knowledge management in improving differentiation strategy in Sumbawa weaving SMEs.

3. Method

3.1. Research Stages

In conducting this research, it is necessary to have a research stage that aims to ensure that all the procedures carried out run in their entirety. The research stage includes problem identification, problem formulation and

objectives, hypotheses, theoretical review, population and sample determination, data collection, data analysis, results, and conclusions (Sugiyono, 2017).

3.2. Participant Characteristics

The researcher obtained data from primary data and secondary data. Primary data were obtained from participants who are 48 SMEs with focused characteristics in Sumbawa weaving SMEs. Meanwhile, secondary data was obtained from the literature study.

3.3. Sampling Procedures

3.3.1. Population and Sample

The population in this study is 48 (all) weaving SMEs in Sumbawa Regency, and the sample of this study is 48 (all) weaving SMEs in Sumbawa Regency. This study uses the independent variable: Knowledge Management (X), the dependent variable: Cost Leadership Strategy (Y1) and Differentiation Strategy (Y2), and the moderating variable: Organizational Design (M). This research was conducted for half a year, from February to August 2022.

3.3.2. Measurement

1) Collecting Data Method

According to Silalahi (2017), data collection is a process of obtaining data using certain methods from the subject or respondent. The data collection techniques used in this study used questionnaires and a literature study. Questionnaire data in this study was obtained from the distribution of questionnaires conducted on 48 weaving SMEs in Sumbawa Regency. Meanwhile, the literature study in this study uses basic theories obtained from books, national and international articles, previous research, and internal data from 48 weaving SMEs in Sumbawa Regency.

2) Data Analysis Method

With a positivism perspective, this study uses the Structural Equation Model-Partial Least Squares (SEM-PLS) data analysis technique to test the hypothesis developed to examine the relationship between Knowledge Management with Cost Leadership and Differentiation Strategies in Sumbawa weaving SMEs with the moderating role of Organizational Design.

According to Abdillah & Jogiyanto (2015), there are two stages to analyzing PLS data, namely the measurement model (outer model) and the structural model (inner model). The outer model describes the relationship between indicators and latent variables. This model is used to test the validity and reliability of the instrument. Meanwhile, the inner model aims to determine the causality relationship between latent variables, which is built based on the theory.

3) Measurement Scale

The measurement scale used in this study is the Likert scale. According to Sugiyono (2018), the Likert scale is used to measure the attitude, opinion, and perception of an individual or organization regarding social phenomena. In this study, the social phenomenon in question is the entire research variable. By using the Likert scale, the variables in the study will measure to become indicators. Then the indicators are used as a benchmark for compiling instrument items and statements.

4) Validity and Reliability Test

In testing the validity of the instrument, the researcher used 48 weaving SMEs in Sumbawa Regency as respondents. Likewise, in testing the reliability of the instrument, the researcher used 48 weaving SMEs in Sumbawa Regency as respondents.

3.3.3. Research Design

This research is research that uses quantitative methods. The quantitative method, according to Sugiyono (2018), is a research method based on the philosophy of positivism, where this method is used to conduct research on certain populations or samples with the aim of getting an overview and testing predetermined hypotheses.

This study uses a causal approach. According to Sugiyono (2017), quantitative research in looking at the relationship of variables to the object under study is more causal with the aim of describing the cause of a problem, whether carried out through experiments or non-experiments, by paying attention to the independent variable and dependent variable. Based on the time dimension, this research is classified as a cross-sectional study. According to Indrawati (2015), cross-sectional research is data collection carried out in one period, then the data is processed, analyzed, and then a conclusion can be drawn.

4. Results

Based on data collected from 48 Sumbawa SMEs, it was found that the majority of respondents were female, over 30 years old, Muslim, and had a high school education level. Data were collected using research instruments. The results of the research instrument test can be seen in table 1 Results of Instrument Validity Test and table 2 Results of Instrument Reliability. Based on table 1 of the results of the instrument validity test, it can be seen that all the question items in the research questionnaire have a significance value of p-value <0.05. So, it can be said that all the question items in the research questionnaire are valid Furthermore, the research instrument was also assessed for its reliability. The results of the reliability test of this research instrument can be seen in table 2 of the results of the reliability of the instrument. The results of the instrument reliability test show the value of Composite reliability and Cronbach's alpha score above 0.7, so it can be concluded that all question items that measure research constructs are reliable and consistent in measuring research constructs and have good reliability.

Table 1: Instrument Validity Test Results

	CostLead	Differen	KnowMan	OrganDes	SE	P value
CL1	(0.959)	0.084	0.229	-0.067	0.076	<0.001
CL2	(0.965)	-0.800	-0.331	0.446	0.091	<0.001
CL3	(0.934)	0.739	0.107	-0.391	0.092	<0.001
DF1	-0.432	(0.959)	-0.226	0.428	0.078	<0.001
DF2	0.645	(0.971)	0.164	-0.484	0.084	<0.001
DF3	-0.219	(0.965)	0.060	0.062	0.082	<0.001
KA1	0.333	-0.416	(0.960)	0.169	0.074	<0.001
KA2	-0.150	-0.692	(0.927)	0.469	0.077	<0.001
KA3	0.060	-0.176	(0.975)	-0.422	0.080	<0.001
KA4	-0.736	0.283	(0.952)	0.413	0.071	<0.001
KA5	0.176	-0.071	(0.948)	-0.164	0.085	<0.001
KC1	-1.097	0.091	(0.944)	0.743	0.085	<0.001
KC2	-0.188	-0.203	(0.952)	0.146	0.098	<0.001
KC3	-0.055	-0.006	(0.945)	-0.352	0.086	<0.001
KC4	0.394	0.166	(0.959)	-0.574	0.084	<0.001
KAP1	0.469	-0.365	(0.959)	-0.287	0.084	<0.001
KAP2	0.765	-0.225	(0.945)	0.103	0.072	<0.001
KAP3	0.072	-0.542	(0.938)	0.336	0.075	<0.001
KAP4	0.333	-0.304	(0.940)	0.942	0.076	<0.001
KD1	0.054	-0.194	(0.949)	1.132	0.080	<0.001
KD2	0.228	-0.072	(0.948)	0.547	0.084	<0.001
KD3	-0.201	0.486	(0.953)	0.358	0.091	<0.001
KD4	-0.660	0.504	(0.890)	1.567	0.098	<0.001
KS1	-0.088	0.515	(0.931)	-0.369	0.078	<0.001
KS2	-0.726	-0.026	(0.917)	0.540	0.078	<0.001
KS3	-0.084	-0.052	(0.972)	-0.193	0.079	<0.001
KS4	0.024	0.191	(0.960)	-0.862	0.076	<0.001
KSS	-0.414	0.392	(0.938)	0.079	0.071	<0.001
KP1	-0.171	0.143	(0.905)	-1.218	0.080	<0.001
KP2	0.086	-0.711	(0.926)	0.958	0.082	<0.001
KP3	0.194	0.789	(0.943)	-1.910	0.078	<0.001
KP4	0.371	0.550	(0.949)	-1.250	0.071	<0.001
KP5	0.926	-0.033	(0.948)	-0.782	0.092	<0.001
CI1	0.310	0.257	-0.197	(0.951)	0.071	<0.001
CI2	0.299	-0.043	0.138	(0.955)	0.072	<0.001
CI3	0.308	0.056	0.129	(0.962)	0.082	<0.001
SD1	-0.056	0.200	0.319	(0.959)	0.090	<0.001
SD2	-0.562	0.652	-0.163	(0.941)	0.075	<0.001
SD3	-0.752	1.410	0.512	(0.926)	0.076	<0.001
SC1	0.121	-0.516	0.483	(0.943)	0.083	<0.001
SC2	0.214	-0.826	-0.680	(0.931)	0.089	<0.001
SC3	0.603	-0.913	0.063	(0.943)	0.089	<0.001
SC4	-0.521	-0.273	-0.625	(0.921)	0.084	<0.001

Source: (Researcher, 2022)

Table 2: Instrument Reliability Test Results

	CostLead	Differen	KnowMan	OrganDes
R-squared				
Composite reliab.	0.967	0.976	0.995	0.988
Cronbach's alpha	0.949	0.963	0.995	0.986

Source: (Researcher, 2022)

Furthermore, the researchers also tested the goodness of fit on the research model. The results of the goodness of fit test of the study resulted in the following scores:

Table 3: Research Fit Model

Indicator	Indicator Value	Indicator P Value	Conclusion
APC	0.963	P<0.001	Received
ARS	0.928	P<0.001	Received
AVIF	1.000		Ideal

Source: (Researcher, 2022)

Based on table 3 above, it can be seen that the P APC and PARS values have a P value 0.05 and an AVIF value of 5. Thus, it can be said that the model used in this study has good goodness of fit.

Table 4: Results of Model Regression

	R ²	Beta	Significance
Knowledge Management -> Cost Leadership	0.807	0.898	0.000
Knowledge Management -> Differentiation	0.567	0.753	0.000

Source: (Researcher, 2022)

Based on table 4 above, we get R², beta coefficient, and their respective significance, 0.807, 0.898, and 0.000, for the effect of knowledge management on cost leadership. This means that knowledge management has a significant effect on cost leadership and has a positive influence on cost leadership. This is because the significance value of the influence of knowledge management on cost leadership is <0.05 and has a positive beta of 0.898. Furthermore, testing the effect of knowledge management on differentiation also produces a positive beta coefficient value and a significance value of <0.05. Thus, it is also proven that knowledge management has a significant effect on differentiation and has a positive influence. Then, based on the data, it can also be concluded that the influence of knowledge management is greater on the cost leadership strategy than differentiation. This is because the resulting R² value is higher for the cost leadership strategy compared to the differentiation strategy.

Table 5: Moderation Test Results

	P Value
Int_1 Knowledge Management x Organizational Design (Outcome Cost Leadership Variable)	0.000
Int_1 Knowledge Management x Organizational Design (Outcome Differentiation Variable)	0.000

Source: (Researcher, 2022)

Based on the table above, the p-value for the effect of moderation shows the p-value < 0.05. Thus, it can be said that organizational design moderates the relationship between knowledge management and cost leadership strategy, as well as for organizational design also moderates the relationship between knowledge management and differentiation strategy. The moderating effect of organizational design on the relationship between knowledge management and cost leadership has a negative effect; namely, when an organizational design is low, the relationship between knowledge management and cost leadership will be higher. Conversely, when the organizational design is high, the relationship between knowledge management and cost leadership will not be as large as when the organizational design is low. This can be seen in Figure 2 below.

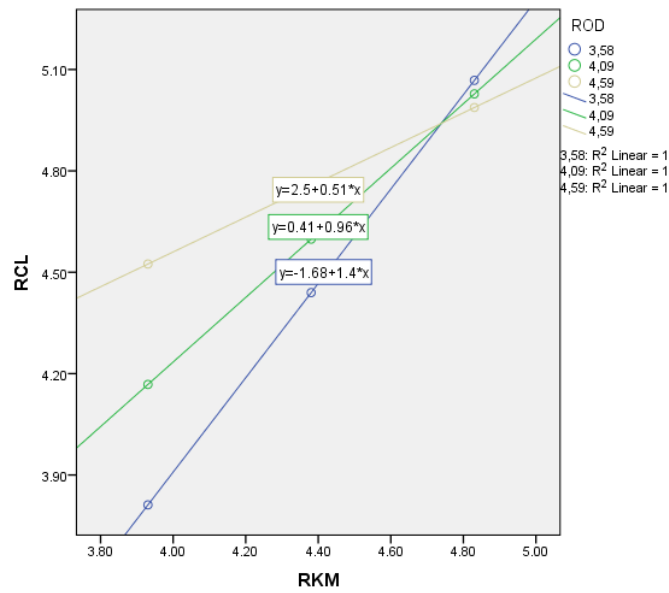


Figure 2. Organizational Design Moderation Chart on the relationship between Knowledge Management and Cost Leadership Strategy
 Source: (Researcher, 2022)

Furthermore, the moderating effect of organizational design on the relationship between knowledge management and differentiation is also negative. This can be seen in Figure 3 below.

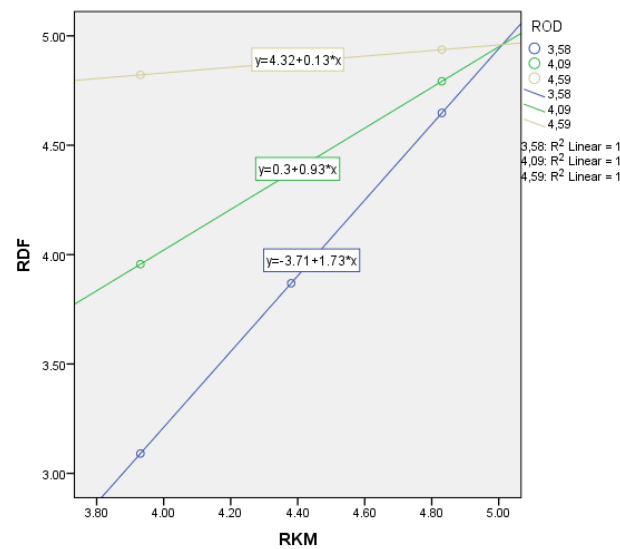


Figure 3: Organizational Design Moderation Chart on the relationship between Knowledge Management and Differentiation Strategy
 Source: (Researcher, 2022)

5. Discussion and Conclusion

This study aims to determine the positive influence of knowledge management on cost leadership strategies and differentiation strategies in Sumbawa weaving SMEs and the influence of organizational design as a moderating role of knowledge management on increasing cost leadership strategies and differentiation strategies in Sumbawa weaving SMEs.

From the statistical data obtained, this study provides several findings that, first, knowledge management is able to have a positive effect on cost leadership strategies in Sumbawa weaving SMEs. This is because if knowledge management of SMEs in the Sumbawa weaving SMEs is managed properly, it will provide information and knowledge that can be used to determine cost leadership strategies for weaving SMEs in Sumbawa.

Second, the research also produces findings that knowledge management has a positive effect on differentiation. This is because, if knowledge management is implemented properly by SMEs in the weaving SMEs in Sumbawa, it will be able to provide useful information and knowledge in making strategic decisions in the form of differentiation, both in products and in other innovations.

Third, this study resulted in the finding that organizational design is able to influence the relationship between knowledge management and cost leadership. This is because the organizational design has implications for the process of adopting knowledge management in SMEs. Thus, if SMEs adopt better knowledge management, the process of determining the cost leadership strategy for SMEs will be more precise. The findings also found that the influence of organizational design on the relationship between knowledge management and cost leadership has a negative effect. This is because if the organizational design applied to SMEs is simpler, then the process of obtaining information will be faster and easier, so that information management for strategic decision-making in the form of cost leadership will be faster.

Fourth, this study produces findings that organizational design is able to influence the relationship between knowledge management and differentiation. This is because the organizational design has implications for the process of adopting knowledge management in SMEs. Thus, if SMEs adopt better knowledge management, the process of determining differentiation strategies in SMEs will be more appropriate. The findings also found that the influence of organizational design on the relationship between knowledge management and differentiation has a negative effect. This is because if the organizational design applied to SMEs is simpler, the process of obtaining information will be faster and easier, so information management for strategic decision-making in the form of differentiation will be faster.

Fifth, the results also show that the biggest influence of knowledge management is on the cost leadership strategy. This is because knowledge management is widely used by Sumbawa SMEs in terms of finding information about the prices of woven fabrics between SMEs.

This finding provides practical implications for SMEs in Sumbawa, that knowledge management is important to implement and manage for SMEs because they are able to manage information, both internally and externally, to become knowledge that can be useful for determining competitive strategy decisions among SMEs in Sumbawa. This study also contributes theoretically by providing an update on the relationship between knowledge management and competitive strategy, namely organizational design.

Acknowledgments

The authors would like to thank LPPM UPN "Veteran" Yogyakarta for financial support of this experiment

References

- Abdillah, W., & Jogiyanto, H. (2015). *Partial Least Square (PLS) - Alternative Structural Equation Modelling (SEM) in Business Research*. Yogyakarta.
- Alawneh, A.A., Abuali, A., & Almarabeh, T.Y. (2009). *The role of knowledge management in enhancing the competitiveness of small and medium-sized enterprises (SMEs)*. Communications of the IBIMA, Vol. 10, pp. 98-109.
- Ambroise L., Prim-Allaz, I., Teyssier, C., & Peillon, S. (2018). *The environment-strategy-structure fit and performance of SMEs and servitized SMEs*. Journal of Service Management, Vol. 29 No. 2, pp. 301-328. www.emeraldinsight.com/1757-5818.htm.

- Evanschitzky, H., Wangenheim, F.V., & Woisetschläger, D.M. (2011). *Service and solution innovation: overview and research agenda*. SMEsal Marketing Management, Vol. 40 No. 5, pp. 657-660.
- Gholami, M.H., Asli, M.N., Shirkouhi, S.N., & Noruzy, A. (2013). *Investigating the influence of knowledge management practices on organizational performance: an empirical study*. Acta Polytechnica Hungarica, Vol. 10 No. 2, pp. 205-2016.
- Gibcus, P., & Kemp, R.G.M. (2003). *Strategy and small firm performance*. Research Report H200208. Scientific Analysis of Entrepreneurship and SMEs, pp. 1-75.
- Halawi, L.A., McCarthy, R.V., & Aronson, J.E. (2006). *Knowledge management and the competitive strategy of the firm*. The Learning Organization, Vol. 13 No. 4, pp. 384-397, doi: 10.1108/09696470610667751.
- Indrawati. (2015). *Management and Business Research Methods Convergence of Communication and Information Technology*. Bandung: PT Refika Aditama.
- Johansson, P., & Olhager, J. (2004). *Industrial service profiling: matching service offerings and processes*. International Journal of Production Economics, Vol. 89 No. 3, pp. 309-320.
- Kaya, N. (2015). *Corporate entrepreneurship, generic competitive strategies, and firm performance in small and medium-sized enterprises*. 11th International Strategic Management Conference 2015. Procedia - Social and Behavioral Sciences, Vol. 207, pp. 662-668.
- Merono, A., Lopez, C., & Sabater, L. (2004). *KM Strategy and Instruments Alignment: helping SMEs to Choose*. OKLC, Innsbruck Austria.
- Ngah, R., & Wong K.Y. (2020). *Linking knowledge management to competitive strategies of knowledge-based SMEs*. The Bottom Line, Vol. 33 No. 1, pp. 42-59. <https://www.emerald.com/insight/0888-045X.htm>.
- Porter, M.E., (1985). *The Competitive Advantage: Creating and Sustaining Superior Performance*. Free Press, New York, NY.
- Probosari, et al. (2022). *Sumbaswa Weaving Industry Development Strategy*. Indonesia: Yogyakarta.
- Rahimli, A. (2012). *Knowledge management and competitive advantage*. Information and Knowledge Management, Vol. 2 No. 7, pp. 37-42.
- Rao, P. & Holt, D. (2005). *Do green supply chains lead to competitiveness and economic performance?* International Journal of Operations and Production Management, Vol. 25 No. 9, pp. 898-916, doi: 10.1108/01443570510613956.
- Scurtu, L.E., & Neam'u, D.M. (2015). *The need of using knowledge management strategy in modern business organizations*. The Usv Annals of Economics and Public Administration, Vol. 15 No. 22, pp. 157-165.
- Silalahi. (2017). *Quantitative Social Research Methods*. Bandung: PT Refika Aditama.
- Sugiyono. (2017). *Quantitative Research Methods and R&D*. Bandung: Alfabeta.
- Sugiyono. (2018). *Quantitative Research Methods*. Bandung: Alfabeta.
- Varadarajan, P.R. (1998). *Strategy content and process perspectives revisited*. Journal of the Academy of Marketing Science, Vol. 27 No. 1, pp. 88-100.