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# The importance of market information accessibility to enhancing SMEs Indonesian superior financial performance

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**Abstract:** This research aims to investigate an empirical research the influence of market information accessibility and social capital on product innovation capability to enhancing superior financial performance with financial literacy as the control variable. The study is conducted with SMEs scope of export based brass industry cluster in Boyolali, Central Java. The analysis unit is conducted with the owners or manager of export based brass industry in Central Java. The collection of data for this research was done by the use of purposive sampling. This study takes 200 respondents as its sample. The structural equation modelling (SEM) analysis is employed for model testing and hypothesis with the AMOS program. The results of this research show that market information accessibility and social capital positively significantly effect on product innovation capability and superior financial performance. This research also finds that financial literacy as a control variable to enhancing superior financial performance.

**Keywords:** market information accessibility; social capital; product innovation capability; financial literacy; superior financial performance; Indonesia.

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## 1 Introduction and research purpose

The small and medium-scaled business sector (SMEs) is believed to be able to drive the economy of an area amidst economic uncertainty (Daou et al., 2013). In regard to the existence of SMEs in Indonesia, the results of survey conducted by the Financial Services Authority Indonesia propose that it is evident that Indonesian SME sector significantly contributes to the national economy by providing 60% of Gross Domestic Product and absorbing 97% of national manpower (OJK's Press Conference, SP-38/DKNS/OJK/5/2016). SMEs significantly contribute to reducing poverty by providing employment to the people.

SMEs sector is also able to support the economic growth. However, this condition often has its development delayed. The problems faced by SMEs are limited working capital, low human resources, and unskilled human capital, limited social capital and low innovation developed in SMEs sector (Dakhli and De Clercq, 2004). This is in line with the research conducted by Abor and Quartey (2010) that SMEs problems are closed loop problems, conventional problems which often arise in SMEs are human resources' low capability, low ownership, low financing, low marketing, low product innovation, low access to information and other problems related to business management, including access to export market.

It is important to study the role of SMEs in developing export market amidst information globalisation flow and information technology by strategic flexibility, like the researches conducted by Pauwels and Matthyssens (2004). Lamprinopoulou and Tregear (2011) explain in their research that the close relationship between SMES actors and stakeholders positively influences the performance. The dependency model of the members as the key towards information of access to market and building of relationship with non-small and medium-scaled enterprises influences the marketing performance.

Social capital has significant influence on organisational performance improvement. Researches on social capital emphasise the importance of social capital component, specifically relational component, which is mutual trust relationship in an organisation and cognitive component formed from cognitive scheme among various existing organisational units (Tsai and Ghoshal, 1998; Dietz and Hartog, 2006). Moreover, it is explained that with existing trust among members of an organisation, any potential benefits of internal-organisational knowledge sharing will achieve the key of business achieved performance (Coleman, 1988).

F-Jardón and Martos (2009) also emphasise the importance of corporate relational social relationship in attaining international market. However, explained that relational social capital positively influences corporate performance. Meanwhile, the study conducted by Sharabati et al. (2010) states that human capital, social capital and relational capital are strongly related to marketing performance. Smirnova et al. (2011) in their research also state that market orientation influences the development of relational capability and marketing performance, thus marketing performance is improved.

This research theoretically contributes to science development in the field of SMEs development by focusing on Indonesian SMEs attempt in achieving superior financial performance. The purpose of this research is to empirically analyse and prove the influence of market information accessibility and social capital on product innovation capability in order to improve superior financial performance with financial literacy as its control variable.

## **2 Theoretical review and hypotheses development**

### *2.1 The relationship between social capital and market information accessibility*

Social capital, according to Jacobs (1961), emphasises the strong centrality and interpersonal relationship in the society. Such relationship serves to be the basis for development of mutual trust, cooperation and act in the society to ensure their survivability in an environment. The study conducted by Coleman (1988) analyses the role of social capital in creating interaction between people. Social capital, according to Coleman (1988), is some entities with two same elements: they consist of some social aspects and structures, and they facilitate certain actions, either of natural person, company, or structure. Therefore, social capital is closely related to structure and serves to interact and focus.

Social capital consists of three forms: first, obligation and expectation which depend on the trust of social environment; second, information capacity which flows through social structure for the basis of act, and; third, existing norms with effective sanction. Meanwhile, Putnam (1993) explains social capital as a prerequisite for economic

development. Putnam (1993) also proposes that people's involvement network is the main reason of economic activities. This network consists of civil involvement rooted in local community and maintained by social and familial bond. Business developing activities are instilled in societal and familial structures, thus the activities are ruled by social and familial norms and sanctions. The business networks have impact on innovation capabilities of the organisation (Nirjar et al., 2018).

Siadat et al. (2012) state that social capital has a strategic role in the relationship between company and market aspect. Without social capital, a company will lose its effect and find it difficult to grow and develop. Social capital is a concept with a long history. This concept is gradually used since its emergence in 1990s in scientific disciplines such as sociology, economics, politics and education in various works. The four types of social capital including economic, cultural, social and symbolic capitals have been studied many times in previous the researches.

Mu et al. (2008) state that relationship between business partners in social capital and interaction between social members significantly influences the form of organisation's interaction in achieving market access to customers. The interest in social capital concept is high among the academicians. This concept has been analysed at various analysis levels (individual, network, society) and used in various scientific disciplines, such as sociology, anthropology, political science, economics, and organisational study. A number of different approaches in social capital study together with interdisciplinary usage at concept level have created different opinions among scientists. Moreover, the increasing number of researches on social capital in organisational study has led to controversial results. However, social capital is initiated by Jacobs (1961) and Loury (1977) who test the antecedents of social capital concept.

The other researches also explain the importance of corporate social capital to build interaction with other organisations, such as the studies conducted by Kontinen and Ojala (2012). Moreover, the study developed by Kontinen and Ojala (2012) finds that social capital in resource exchange is determined by social interaction, trust and shared vision. The research also explains a theory of social network underlying the importance of employee's interpersonal network in achieving success in career path to develop market information accessibility aspect.

Based on the literature review and research review, the research hypotheses are arranged as follows.

- H1a Social capital positively, significantly influences on superior financial performance.
- H1b Social capital positively, significantly influences access on market information accessibility.

## *2.2 The relationship between market information accessibility and product innovation capability*

Organisation's access to customer's market knowledge is considered one of the most important assets to create corporate competitive superiority (Tayauova, 2012). Pitt and Clarke (1999) explain access to market competency as organisation's coordinated capability, collective skill and organisation's capacity. Increasingly competitive external environmental condition requires an organisation to continuously develop its access to learning and understanding the characters of new market trend and ideas in order to be

the leader (Hoe, 2008). Hoe (2008) also explains that as the result of such consequence, a new form of organisation's learning capability arises where organisation is able to apply market knowledge generated by customer or competitor, which modifies corporate behaviour in responding competition. The application of such knowledge is company's policy in shaping a market which provides benefit to customers and develops new product, thus it is able to extend and collaborative network use innovation (Tafti et al., 2019).

The market orientation concept developed by Kohli and Jaworski (1990) defines market orientation as generation of market intelligence, dissemination of the intelligence across departments and organisation-wide responsiveness. Market based view is important in organisation-wide activities. Meanwhile, Narver and Slater (1990) consider market orientation as organisation's cultural aspect. Market orientation is considered as a behavioural level, and defines orientation, with customer's dimension, competitor's orientation, and inter-functional coordination. The two different approaches which are combined in the structure defines market knowledge competency in connection with the focus of information process, customer and competitor.

Tsai and Ghoshal (1998) review the relationship between structural, relational, and cognitive dimensions of social capital and resources exchange pattern and product innovation in a company. Social interaction, manifestation of social structural capital dimension and trust are the manifestation of relational dimension, which is significantly related to resources exchange level and, in turn, significantly influence product innovation capability made to company's network.

The research conducted by Singh and Garg (2008) examines the portion of customer orientation to marketing performance in small and medium scaled industries and tests any possible effects of innovation orientation, competitive market dynamics and corporate intensity at customer orientation level. Dynamics capability can improve business model innovation performance (Vicente et al., 2018). Performance measurement with certain steps is used to measure how success a new product is, sale growth and return on investment. The research results show customer orientation's positive influence on SME performance, and that there are various influences of innovation orientation and competitive environment at SME level on customer orientation (Nuryakin, 2018).

The study conducted by Narver et al. (2000) shows that market orientation is positively related to business innovation, profitability, sale growth, and new product's success. Furthermore, they propose that the intensity of relationship between proactive market orientation and responsive market orientation is an important factor for the success of a business market. Barlow and Sarin (2003) show that proactive market orientation is company's ability to lead an underlying change in an evolution of industrial condition by influencing the value creation process of a product, market or industrial level. The study conducted by Powell et al. (2018) explained the importance of technology on SMEs to achieving performance.

Based on the literature review and research review, the research hypothesis is arranged as follows:

- H2 access to market information accessibility positively significantly influences product innovation capability.

### *2.3 The relationship between market information accessibility and superior financial performance*

The study conducted by Pinho (2011) offers a framework useful for further researches in the field of access to customers and dynamic capability. Organisation's dynamic capability in building its business is its capability to solve turbulence in an unpredictable market condition. Based on the condition, small and medium scaled enterprises (SME) need to expand their network through a relationship which provides access to new sources of information. This dynamic capability positively changes and influences international performance. Other researches find that participation in various organisations does not seemingly influence corporate performance. In a condition and time with short infestation and flow, social capital is a significant determinant of corporate performance (Zhang and Fung, 2006).

Access to information of market knowledge is a gradual accumulation which develops with market commitment, and market commitment is improved with enhanced market knowledge (Nuryakin and Ardyan, 2018). The information flow and globalisation tendency has led to acceleration of development in various fields, such as transportation, internet and information technology as well as improvement in economy and trade, and exchange between nations (Huang et al., 2008). This has brought a big change to business and industrial operational environment, like in some countries, increasingly growing exchange of services, goods, creativity and finance in business world without any physical constraint.

Li and Calantone (1998) test the antecedent and competence dimension of access to market knowledge and competitive superiority and market performance. More thoroughly, the study conducted by Li and Calantone (1998) proposes that the antecedent of access to market information consists of customers' high demand, competition intensity, change in technology, and perception of the importance of market knowledge. Most of the dimensions positively influence competency in market knowledge. The research also explains that the competition dimension of market knowledge consists of the process of getting to know customers, R&D activities, competitor's knowledge process and R&D power. The four dimensions influence the superiority of new products and eventually improve market performance.

Based on the literature review and research review, the research hypothesis is arranged as follows

H3 Market information accessibility positively, significantly influences superior financial performance.

### *2.4 The relationship between product innovation capability and superior financial performance*

Wernerfelt (1984) considers that an organisation's strategic resources may become its strength or weakness. Some researchers explore the dark side of source (Montgomery, 1995), negative impact (Wernerfelt, 1995), weakness of resource (West and DeCastro, 2001), and weakness of capability (Sirmon et al., 2010). Market oriented resources

include, among other, market orientation, reputation, innovation and capability related to customer and organisation performance (Milfelner et al., 2008). In addition to improving competitive superiority, a company's resources must be utilised to improve its performance. Performance is important to a company, particularly SME. An SME will be declared as good when it has good performance. Performance will be declared as good if the performance presented by SMES tends to increase from a period to another period.

Innovative product is something important in any industry (Khin et al., 2010). A competitive company does not continuously offer similar products or compete with only traditional reasons like price and quality. For engineering companies, particularly, it is inevitable to offer product with innovation to gain competitive advantage over competitors (Nuryakin, 2018).

Khin et al. (2010) explain that innovation is related to strategy and resource. Meanwhile, Lynn and Akgun (1998) explain that innovation strategy is divided into three strategies: customer-driven strategy, process-driven strategy and pioneer-driven strategy. In other paper, Lynn et al. (1998) propose that innovation strategy may be divided into: process, speed, market, learning and qualitative based strategies. Akman and Yilmaz (2008) explain that innovation strategy is divided into six strategies: aggressive, analysis, defensive, futuristic, proactive, and responsive strategies. A company will be declared innovative if it successfully implements creative ideas into its products/services (Amabile et al., 1996). Khin et al. (2010) propose that a product will be declared innovative if consumers gain various new benefits either from its new design, function or feature.

The consequences of organisation's innovation ability are: first, they will gain lower risk and cost than radical innovation, and; second, both radical and incremental innovations in organisation learning context are activity to create knowledge. Radical innovation needs knowledge creation to make underlying change which represents revolutionary change in a product's technology (Herrmann et al., 2007). On the contrary, incremental innovation is related to knowledge creation for minor improvement or simple adjustment to current products technology (Un, 2010).

## *2.5 Control variable*

### *2.5.1 Financial literacy*

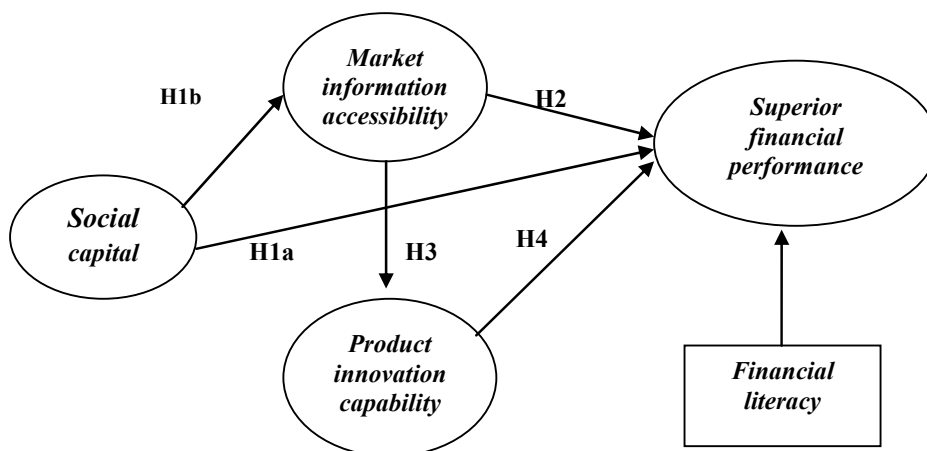
Good financial literacy is an underlying necessity of every individual. Having knowledge, individual will have a good financial planning and may avoid financial problem. Every individual's financial literacy must be improved to make good decision and to manage his personal finance optimally (Harli et al., 2015).

The Association of Chartered Certified Accountants (2014) formulates that the financial literacy concept covers the knowledge of financial concept, the capability to understand communication of financial concept, the proficiency in personal or corporate financial management and the capability to make financial decision in certain situation. According to Ariwibawa (2016) financial literacy, SME actor, owner or management is expected to be able to make appropriate managerial and financial decision for business success and sustainability. Good financial literacy may also minimise incorrect decision for arising economic and financial issues. Meanwhile, from the perspective of financial service provider, good financial literacy will provide adequate information of product, customer's understanding of risk and cost efficiency.

### 3 Proposed empirical research model

Based on the aforementioned theoretical study, the empirical research models are developed as follows.

**Figure 1** The empirical research models



#### 3.1 Sample and data collection methods

The data of this research are collected from brass exporter group SMEs in Boyolali Regency, Central Java. This research takes export based brass SME owners as its respondents and collects the data through questionnaire and interview. A purposive sampling is employed to take the sample from 200 respondents. Completely filled questionnaires are then tested to predict the research construct.

#### 3.2 Scale and measurement

Pinho (2011) explains that social capital may be formed from three dimensions: structural, relational and cognitive dimensions. The structural capital is formed from three main dimensions: manager's strength, relationship with domestic party and relationship with foreign party. The relational capital dimension is formed from trust in relationship with the state and trust in relationship with foreign state. The cognitive dimension consists of two dimensions: domestic marketing strategy and foreign marketing strategy. The social capital in this research is measured using a 1–7 Likert scale. Scale 1 indicates strongly disagree and scale 7 indicates strongly agree.

Hou and Chien (2010) explain that market information accessibility is the main asset of modern business and the key to maintain their competitiveness through searching for access to market information which a company needs to conduct. Access to market information is also an effort to explore the impact of market knowledge management competence on the performance through a dynamic capability perspective. The market information accessibility in this research is measured using a 1–7 Likert scale. Scale 1 indicates strongly disagree and scale 7 indicates strongly agree.



Innovation capability is a company's main duty in determining what market perceives, needs and desires in order to create products with new superior value Lievens and Moenaert (2000). This superior value is quite subjective and exists only in customers' mind. A company needs to learn customers' perception of a product. The innovation capability in this research is measured using a 1–7 Likert scale. Scale 1 indicates strongly disagree and scale 7 indicates strongly agree.

The study conducted by Panigyrakis and Theodoridis (2009) explains that the most common dimensions in measuring an organisation's performance are financial indicators such as return on investment (ROI), return on assets (ROA) or return on capital used. The superior financial performance in this research is measured using a 1–7 Likert scale. Scale 1 indicates strongly disagree and scale 7 indicates strongly agree.

Good financial literacy is every individual's underlying necessity. Financial literacy in this research is measured with dummy variables 1 and 2. Score 1 indicates an understanding of finance and score 2 indicates non-understanding of finance.

### *3.3 Data analysis technique*

A regression analysis is employed in this research to test the one-way arrow line which indicates the existence of relationship. This research employs a structural equation modelling (SEM) analysis with AMOS program for model testing and hypothesis. The measurement model is used to test the unidimensionality. Indicators form the construct in view of generated goodness of fit parameters. A convergent validity will be used to test the indicators whether or not they are valid to measure anything to be measured. In addition, the significance of indicators must also be tested, whether the indicators have the same dimension in forming latent variable. The next analysis is conducted with the SEM using the same steps, by testing the generated goodness of fit parameters and directly testing the research hypotheses of the causality relationship developed with the model. Further test is conducted using the maximum likelihood estimation technique.

## **4 Research result**

This research employs a SEM analysis with AMOS program for model testing and hypothesis. The measurement model is used to test the unidimensionality. Indicators form the construct in view of generated goodness of fit parameters. A convergent validity will be used to test the indicators whether or not they are valid to measure anything to be measured. In addition, the significance of indicators must also be tested, whether the indicators have the same dimension in forming latent variable. The next analysis is conducted with the SEM using the same steps, by testing the generated goodness of fit parameters and directly testing the research hypotheses of the causality relationship developed with the model. This research employs the maximum likelihood estimation technique. 200 samples are used in this research since this number has met the criteria for adequate number of samples recommended for the maximum likelihood estimation (MLE) technique and the criteria of average error variance of indicator (AVE) with minimum up to 150 samples, provided that the standardised loading estimated is less than 0.7 and the communality value is equal to 0.5.

**Table 1** Scale item for measures

<i>Construct</i>	<i>Standardised factor loading</i>
Social capital (Cronbach's $\alpha = 0.803$ )	
All this time, our company has a close social relationship with our suppliers	0.773
We often interact socially, intimately with industrial co-actors	0.704
Our relationship with employees is quite intimate	0.737
Our company always attempts to build a long-term relationship with our customers based on mutual purpose	0.631
Market information accessibility (Cronbach's $\alpha = 0.899$ )	
Our company attempts to search for latest information of market condition in order to improve our product sales	0.753
Our company actively cooperates with SME co-actors to search for access to information of potential market	0.743
Our company attempts as maximal as possible to market its products in international market	0.763
Our company attempts to create products with internationally standardised quality	0.849
International market provides us more profit to sell our products in	0.811
We attempt to use information technology (internet) to reach our customers in international market	0.763
Product innovation capability (Cronbach's $\alpha = 0.889$ )	
Our company attempts to offer new product in adjustment to what customers/markets desire	0.738
Our customers or associates want fast service in response to their demand of products	0.906
Our customers want popular products in the market	0.863
The new products our company produces are those manufactured with technology	0.814
We attempt to design our products in adaptation to customers' demand	0.734
Superior financial Performance (Cronbach's $\alpha = 0.875$ )	
Our product selling target tends to increase within the last three years	0.783
Our business income increases within the last three years	0.963
Our export market coverage expands within the last three years	0.674
The number of our customers of export products increases within the last three years	0.939

Further test is conducted by testing questionnaire items using a confirmatory factor analysis to test the relationship of the construct and the indicator (questionnaire validity). Meanwhile, the reliability is tested using the cronbach alpha (Cronbach's  $\alpha$ ). The

indicator is the construct's reflection. The research concludes that the indicators can explain how to measure the construct.

4.1 Result

The hypotheses tests in this research are conducted with assistance of SEM analysis and AMOS program. The research results of SEM analysis with full models are given in Figure 2. Meanwhile, Table 1 explains the results of assumption test in the development of SEM. The full model confirmatory test shows good result, in which it meets the goodness of fit criteria. The model structure used to describe the research causality models is multi-level relationship. The test results show that the goodness of fit criteria have been met, such as Chi-square with 201.563 and the probability value with 0.028. Both assumptions are fulfilled. The TLI value is 0.828, GFI value is 0.890, AGFI value is 0.850 and RMSEA value is 0.035, indicating that those values have met the designated cut-off. This indicates that the research model is accepted and in compliance with the designated criteria (standard) to test the correlation of matrix between the constructs of social capital, market information accessibility, product innovation capability and superior financial performance, as given in Table 2.

Figure 2 Full model the relationship of social capital, market information accessibility, product innovation capability on financial superior performance (see online version for colours)

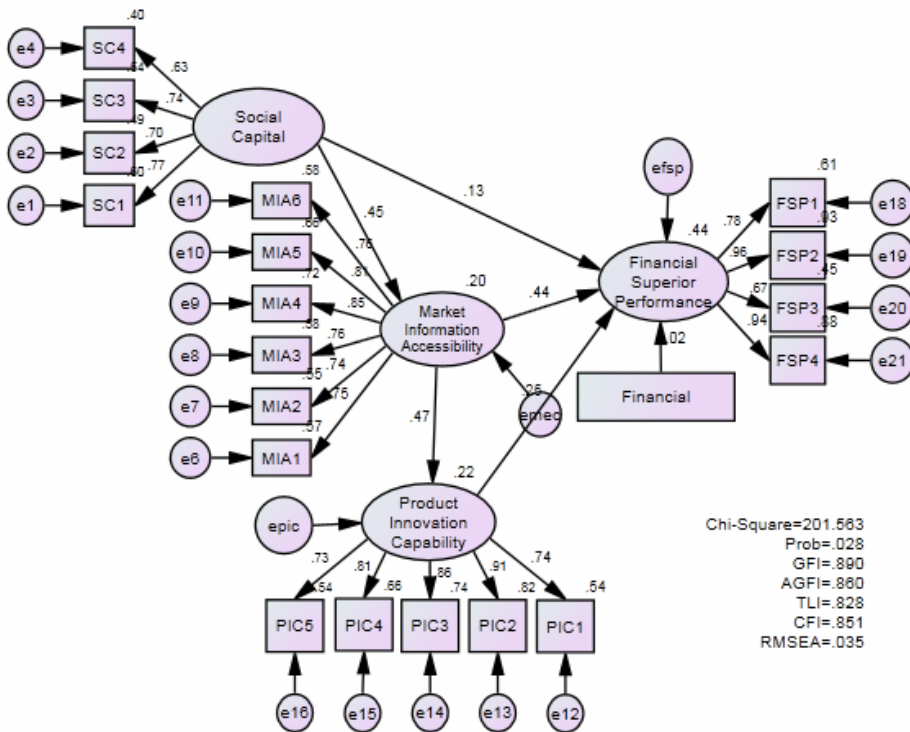


Table 1 indicates the standardised path coefficients of relationship between social capital, market information accessibility, product innovation capability and superior financial performance. The results of this research are also given in Table 1, which form five hypotheses. The five hypotheses built in this research are the relationship between social capital, market information accessibility, product innovation capability and superior financial performance.

Table 2 describes the relationship between social capital, market information accessibility, product innovation capability and superior financial performance. The t value and probability value describe the positive and significant relationship of each variable. The discussion of relationship of each variable is as follows.

The results of statistical calculation conducted using AMOS 21 may be explained in the following table:

**Table 2** Summary of results from the SEM models

<i>Relationship</i>	<i>Path coeff</i>	<i>CR</i>	<i>Prob.</i>	<i>SEM models</i>
Social capital → superior financial performance	0.154	1.436	0.125	H1a: Rejected
Social capital → market information accessibility	0.541	4.638	0.000	H1b: Supported
Market information accessibility → superior financial performance	0.430	4.097	0.000	H2: Supported
Market information accessibility → product innovation capabilities	0.433	4.878	0.000	H3: Supported
Product innovation capabilities → superior financial performance	0.264	3.005	0.003	H4: Supported

Note: \*\*p < 0.01 and \*p < 0.05.

Social capital does not significantly influence superior financial performance. Table 2 shows the structural path model, which explains the relationship between social capital and superior financial performance. The statistical test result shows the t value ( $t = 1.536 < 1.96$ ) and significance value ( $0.125 > 0.05$ ). Therefore, the hypothesis 1a which states that social capital positively, significantly influences superior financial performance is not proven.

Social capital significantly influences market information accessibility. Table 2 shows the structural path model, which explains the relationship between social capital and market information accessibility. The statistical test result shows the t value ( $t = 4.638 > 1.96$ ) and significance value ( $0.000 < 0.05$ ). Therefore, the hypothesis 1b which states that social capital positively, significantly influences market information accessibility is proven.

Market information accessibility significantly influences superior financial performance. Table 2 shows the structural path model, which explains the relationship between market information accessibility and superior financial performance. The statistical test result shows the t value ( $t = 4.097 > 1.96$ ) and significance value ( $0.000 < 0.05$ ). Therefore, the hypothesis 2 which states that market information accessibility positively, significantly influences superior financial performance is proven.

Market information accessibility significantly influences product innovation capability. Table 2 shows the structural path model, which explains the relationship between market information accessibility and product innovation capability. The

statistical test result shows the t value ( $t = 4.878 > 1.96$ ) and significance value ( $0.000 < 0.05$ ). Therefore, the hypothesis 3 which states that market information accessibility positively, significantly influences product innovation capability is proven.

Product innovation capability significantly influences superior financial performance. Table 2 shows the structural path model, which explains the relationship between Product innovation capability and superior financial performance product innovation capability. The statistical test result shows the t value ( $t = 3.005 > 1.96$ ) and significance value ( $0.003 < 0.05$ ). Therefore, the hypothesis 4 which states that Product innovation capability positively, significantly influences superior financial performance is proven.

#### *4.2 Control of variable*

The test results of financial literacy control variable on superior financial performance. Table 2 shows the structural path model, which explains the relationship between the financial literacy control variable and superior financial performance. The statistical test result shows the t value ( $t = 0.284 < 1.96$ ) and significance value ( $0.776 > 0.05$ ). Therefore, we may explain that it is proven that financial literacy does not significantly improves superior financial performance.

## **5 Discussion**

This is a study to test the empirical research model of relationship between social capital, market information accessibility, product innovation capability and superior financial performance. Although previous studies have been conducted to test the important relationship in social capital, the results of this research provide evidence contradictory to previous researches.

First, the results of this study find that social capital does not directly, significantly influence superior financial performance. The research results present evidence that social capital does not significantly influence superior financial performance. The results of this research is not in line with previous the research conducted by Siadat et al. (2012) which states that social capital has a strategic role in the relationship between company and market aspect. Social capitals which are considered part of social capital including economy, culture, social and symbolic capital have been many reviewed in the previous researches. The results of study conducted by Mu et al. (2008) are also not in line with the results of this research which explains that relationship between business partners in social capital and interaction between social members greatly influence the form of organisation's interaction in achieving market access to customers. The test results of other hypothesis in this study explain that social capital significantly influences access to market information. This is in line with previous researches which find the importance of company's social capital to interact with other organisation, like the study conducted by (Wu and Choi, 2004; Tsai and Ghoshal, 1998; Rhee and Ji, 2011; Pinho, 2011).

Second, the results of this research present empirical evidence that access to market information influences superior financial performance. This is in line with previous researches which find that access to customers' market knowledge becomes organisation's important information in creating corporate competitive superiority and performance (Tayauova, 2012). Pitt and Clarke (1999) also support this research, explaining access to market competency as coordinated organisation capability, collective

skill and capacity of organisation. Meanwhile, the market orientation developed by Kohli and Jaworski (1990) also explains that market orientation is considered organisation's cultural aspect which may improve its performance. Tsai and Ghoshal (1998) explain that it is important for an organisation to develop the structural, relational, and cognitive social capital in resource exchange pattern and product innovation in a company.

Third, access to market information significantly influences superior financial performance. This is in line with the previous research conducted by Narver and Slater (2000) that access to market information is positively related to business innovation, profitability, sales growth, and new product's success. Barlow and Sarin (2003), in line with the results of this research, state that market orientation is company's capability to lead an underlying change in the evolution of industrial condition which influences value creation process in product, market or industrial level. Li and Calantone (1998) in their study also support the results of this research, explaining that competence dimension in access to market knowledge and competition superiority and market performance is in the form of access to market information of competition intensity, change to technology, and perception of the importance of market knowledge.

Fourth, the results of empirical test explain that product innovation capability influences superior financial performance. The results of this research support previous researches which state that innovative product is something important in industry (Khin et al. 2010). Khin et al. (2010) also explain that innovation is related to strategy and resource. Lynn and Akgun (1998), in line with the results of this research, explain that innovation strategy is divided into three strategies: customer-driven strategy, process-driven strategy, and pioneer-driven strategy. In other paper, Akman and Yilmaz (2008) explain that innovation strategy is divided into six strategies: aggressiveness, analysis, defensive, futuristic, proactive, and responsive. A company will be declared able to innovate if it successfully implements creative ideas in its products/services.

## **6 Conclusions**

This paper attempts to answer the research purpose of the influence of market information accessibility social capital on product innovation capability to improve superior financial performance with financial literacy as its control variable.

The research results' implication indicates that social capital does not directly, significantly influence superior financial performance. This research is conducted with brass industrial cluster in Central Java, Indonesia. Although the research finding shows that social capital does not significantly influence superior financial performance, the managerial implication in this study needs to be thoroughly reviewed. This means that it is important for SME actors of export oriented brass industrial cluster to always maintain their social relationship in access to market information and their product innovation capability. This study contributes to the body knowledge to prove the theory developed by Jacobs (1961) which emphasises strong relationship and interpersonal relationship in the society in achieving organisation's performance. These relationships become the basis to develop mutual trust, cooperation and act in the society to maintain survivability in an environment. Coleman (1988) also explains the role of social capital in creating interaction between people.

This research is conducted with the environment of industrial cluster based SME in Central Java, Indonesia. This study has limitedness, that the respondents have different

characteristics according to their profiles, in developing their SMEs. Some respondents' lack of understanding to fill the questionnaire, thus they need to be guided. This study also finds that the respondents have low educational background, thus the researchers re-ask about the content of their attributed questionnaire. However, the research findings explain that although they have low educational background, but they have extensive experience in developing their business.

This study is limited in the samples used, in which some problems with the data may be detected in outlier and data normality test, thus it needs to be conducted thoroughly.

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