ANALYSIS OF INTER-ORGANIZATIONAL KNOWLEDGE SHARING NEEDS AMONG MICRO, SMALL, AND MEDIUM ENTERPRISES WITHIN TRADITIONAL MARKET

(Survey on Traditional Market in Malang City)

UNDERGRADUATE THESIS

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RINDHA DEVIANA SARI

0810320375

UNIVERSITY OF BRAWIJAYA

FACULTY OF ADMINISTRATIVE SCIENCE

DEPARTMENT OF BUSINESS ADMINISTRATION

MARKETING MANAGEMENT

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DECLARATION OF LEGALIZATION

This under graduate thesis has been defended in front of examiner committee, Faculty of Administrative Science, Brawijaya University:

Date : July 17th, 2013

Time : 12 - 1 pm

Name : Rindha Deviana Sari

Title : **Analysis of Inter-Organizational Knowledge Sharing Needs Among Micro, Small, and Medium Enterprises Within Traditional Market (Survey on Traditional Market in Malang City)**

Examiner Committee,

Head of Examiner Committee	Member
Dr. Imam Suyadi, M.Si **NIP. 19521116 197903 1 002**	**Dr. Srikandi Kumadji, M.S** **NIP. 19611110 198601 2 002**
Member	Member
Andriani Kusumawati, S.Sos., M.Si **NIP. 19760414 200212 2 002**	**Sunarti, S.SOS, M.AB** **NIP. 19740717 199802 2 001**

CERTIFICATE OF APPROVAL

Title : ANALYSIS OF INTER-ORGANIZATIONAL KNOWLEDGE SHARING NEEDS AMONG MICRO, SMALL, AND MEDIUM ENTERPRISES WITHIN TRADITIONAL MARKET (Survey on Traditional Market in Malang City)

Author : Rindha Deviana Sari

Student Identity Number : 0810320375

Faculty : Faculty of Administrative Science

Major : Business Administration

Malang, July 18, 2013

Approved by,

Supervisor	Co-Supervisor
Dr. Imam Suyadi, M.Si	**Dr. Srikandi Kumadji, M.S**
NIP. 195211161979031002	**NIP. 196111101986012002**

DECLARATION OF AUTORSHIP

Herewith I,

Name	: Rindha Deviana Sari
Student Identity Number (SIN)	: 0810320375
Faculty	: Faculty of Administrative Science
Major	: Business Administration

Declare that:

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Rindha Deviana Sari

SIN. 0910310313

SUMMARY

Rindha Deviana Sari, 2008, **Analysis of Inter-Organizational Knowledge Sharing Needs Among Micro, Small, and Medium Enterprises Within Traditional Market (Survey on Traditional Market in Malang City).** Supervisors: Dr. Imam Suyadi, M.Si and Dr. Srikandi Kumadji, M.S. 116 pgs++

Inter-organizational knowledge sharing is the key to improve micro, small, and medium enterprises (MSMEs) performance within traditional market. MSMEs within traditional market played an important role for Indonesian economic activities and its development for a long time. The purpose of this research is to analyze and investigate the inter-organizational knowledge sharing needs among MSMEs in Indonesia.

The strength of MSMEs lies in motivation, good network, tacit knowledge in unique skills, shorter informal communication, less bureaucracy, greater proximity to market and internally which is important to be innovative (Nooteboom on Ngah and Jusoff, 2009). Inter-personal knowledge sharing in MSMEs involves activities of transferring or disseminating knowledge among MSMEs member with a view to developing new capabilities for effective actions. To achieve the benefits of inter-organizational knowledge sharing, it is essential for all the parties involved to be in cooperative relationships (Dyer and Singh on Cheng *et al.*, 2008). Through collaboration to acquire needed knowledge, MSMEs would get extra resource to improve their performance.

A questionnaire survey was conducted on MSMEs within traditional market enlisted in the Traditional Market Bureau in Malang City. The survey was conducted in ten selected traditional markets including Besar, Blimbing, Kebalen, Tawangmangu, Bunul, Burung, Sawojajar, Sukun, Bunga, and Wilis. Data were analyzed using generalized structured component analysis (GSCA) that represents a component-based approach.

There are seven variables in this research i.e the importance of external knowledge; perception on the importance knowledge areas; types of error or mistakes; knowledge sharing activities; perception about networks; constraints of inter-organizational knowledge sharing; and effectiveness in leveraging knowledge. Out of 99 respondents, the findings show that basically knowledge sharing is very important to be examined among MSMEs within traditional market. The empirical result reveals the urgency of inter-organizational knowledge sharing within traditional market. The better knowledge sharing activities, the better organizational performance can be realized. MSMEs within traditional market need support from many stakeholders such as government, academician, and society. Remembering the importance of MSMEs in Indonesia, the finding of this research may be useful for the MSMEs development plan in the future.

RINGKASAN

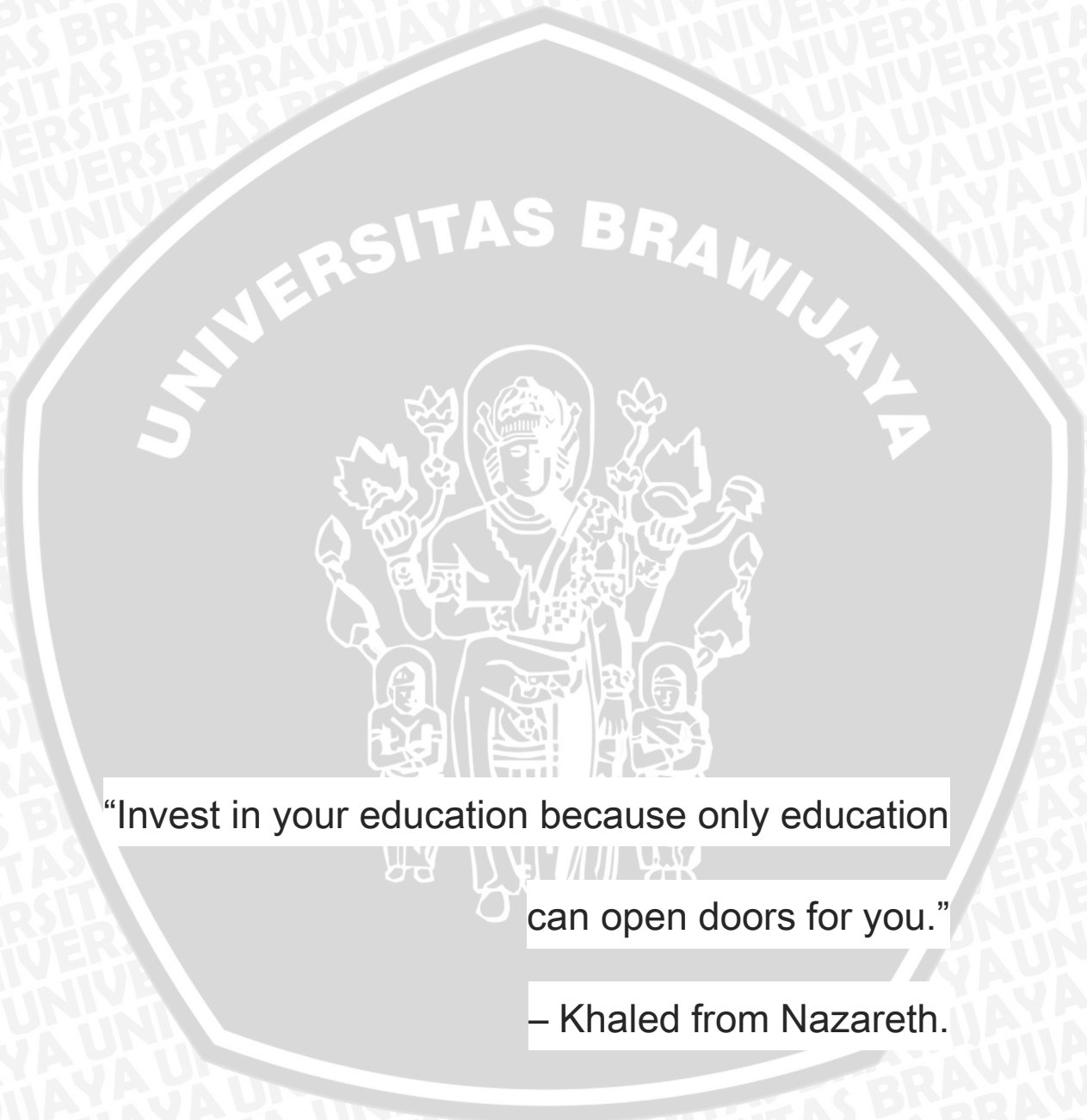
Rindha Deviana Sari, 2008, **Analisis Kebutuhan Berbagi Pengetahuan Lintas Organisasi di Antara Usaha Mikro, Kecil dan Menengah dalam Pasar Tradisional (Survei pada Pasar Tradisional di Kota Malang).** Dosen Pembimbing: Dr. Imam Suyadi, M.Si dan Dr. Srikandi Kumadji, M.S. 116 halmn++

Berbagi pengetahuan lintas organisasi merupakan kunci untuk meningkatkan performa usaha mikro, kecil, dan menengah (MUKM) dalam pasar tradisional. MUKM memegang peranan penting dalam perekonomian bangsa Indonesia dan perkembangannya selama bertahun-tahun. Tujuan dari penelitian ini yaitu untuk mengetahui hasil survei berdasarkan kuesioner dan menganalisis kebutuhan berbagi pengetahuan lintas organisasi di antara MUKM dalam pasar tradisional yang masih mendapat perhatian relatif kecil saat ini.

Kekuatan MUKM berada pada motivasi, jaringan yang baik, keterampilan yang unik, komunikasi informal yang lebih singkat, tanpa birokrasi, kedekatan dengan pasar, dan secara internal penting untuk menjadi inovatif (Nooteboom dalam Ngah and Jusoff, 2009). Berbagi pengetahuan antar individu pada MUKM melibatkan kegiatan mentransfer atau membagi pengetahuan di antara anggota MUKM dalam rangka untuk mengembangkan kemampuan baru supaya lebih efektif dalam bekerja. Untuk meraih manfaat dari berbagi pengetahuan lintas organisasi, sangat penting bagi seluruh anggota untuk terlibat dan bekerjasama dengan baik (Dyer dan Singh dalam Cheng, 2008). Melalui kolaborasi untuk mendapatkan ilmu pengetahuan yang dibutuhkan, MUKM akan mendapatkan tambahan sumber pengetahuan untuk meningkatkan performanya.

Kuesioner survei telah disebarkan pada MUKM di pasar tradisional yang terdaftar pada Dinas Pasar Malang. Survei ini dilakukan di sepuluh pasar meliputi Besar, Blimbing, Kebalen, Tawangmangu, Bunul, Burung, Sawojajar, Sukun, Bunga, dan Wilis. Data yang diperoleh kemudian di analisis menggunakan program *generalized structured component analysis* (GSCA) yang merupakan pendekatan berbasis komponen untuk *structural equation modeling.*

Terdapat tujuh variabel independen dalam penelitian ini meliputi pentingnya pengetahuan, persepsi pentingnya bidang ilmu, penyebab kegagalan usaha, kegiatan berbagi pengetahuan, jaringan sosial, kendala berbagi pengetahuan lintas organisasi, dan efektifitas penggunaan ilmu pengetahuan. Berdasarkan data yang dikumpulkan dari 99 responden dari MUKM, ditemukan bahwa pengetahuan eksternal sangat penting bagi organisasi. Secara keseluruhan, hasil penelitian empiris menunjukkan pentingnya MUKM untuk melaksanakan kegiatan berbagi pengetahuan lintas organisasi.



“Invest in your education because only education

can open doors for you.”

– Khaled from Nazareth.

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About all, she believe that “Not that there’s no cracks ivory“, there is too much wrongness of this paper. Hopefully the lack of it can be used as reference to achieve perfection. Thank you so much.

The Writer

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CHAPTER I

INTRODUCTION

A. Background

Marketing concept within competitive field of business environments has changed in many traditions, on account of the globalization of markets and competitors. Respond to hyper-competition, organization needs to improve their performance through knowledge management, which encourages to creating and using knowledge continuously to gain competitive advantage (Leung, 2009). The implementation of knowledge management requires sharing process to promote its use (Ipe, 2003). Knowledge sharing is critical for organizations success (Davenport and Prusak on Alawi *et al.*, 2007). It leads to faster knowledge deployment to portions of the organization that can greatly benefit from it (Syed-Ikhsan and Rowland on Alawi *et al.*, 2007) and definitely micro, small, and medium enterprises (MSMEs) need a good inter-organizational knowledge sharing to develop its performance. Well-shared knowledge will make MSMEs within traditional market become stronger, survive and reach sustainable competitive advantage.

Marketing concept tries to adapt with the actual human civilization era. There are five civilizations era until the recent years, which are hunting and gathering, farming, industry, information and technology, and knowledge. The movement from older era to the newer one bring business environment competitiveness becomes tighter. Initially business competition just involves

small area, and then science development turns it into a global competition among countries and competitors. The alterations in the economic precepts from an emphasis on tangible resources to intellectual assets, it became clear that a company with an unstructured approach to corporate knowledge management was incapable of competing in this new environment (Davenport and Prusak on Joia and Lemos, 2010). Business enters unprecedented competition, forcing the doer to offer exceptional levels of service (Dustdar, 2005). Hence organizations must adapt with today's changing environment and business landscape.

Knowledge management is a set of practices that allow or enables organizations to better create, understand, and utilize what they know (Karl-Sveiby on Tobing, 2007: 24). Knowledge management is also the art of creating commercial value from intellectual capital. Based on definitions above knowledge management is a part of intellectual capital which really important, particularly in achieving competitive advantage of organization. Accordance with the marketing knowledge management concept, organization emphasis that competitive advantage can be achieved by knowledge-based and market oriented companies (Troilo, 2006). Gummeson on Ellitan and Anatan (2009: 12) also agree that in a competitive business environment nowadays, knowledge management is the controlling key of organization competitive advantage which has to share.

Over the last twenty five years, knowledge as intellectual capital becomes the most growing issue for organizational development. Figure 1.1 below shows that slow but sure the world development also acknowledges that knowledge becomes more important. Based on Setiarso (2006), intellectual capital refers to

the knowing ability from a social collectivity. It is parallel with human capital concept which covering knowledge, skill, and capability that enable someone to do something in a new way. Hence intellectual capital constitutes an important resource and capability to action based on knowledge and knowing ability. Many organizations have come to realize that their organizational knowledge is a dominant source of developing sustainable competitive advantage, particularly in this dynamic yet turbulent business environment (Chaudhry and Higgins; Koenig on Chong *et al.,* 2010). Drucker on Ellitan and Anatan (2009: 12) stated knowledge represent primary key resource. There is widespread agreement that information content which makes a resource or competence particularly suited to generating competitive advantage. Consequently underscores fact that the knowledge can contribute to competitive advantage and superior performance by enriching the organizational knowledge.

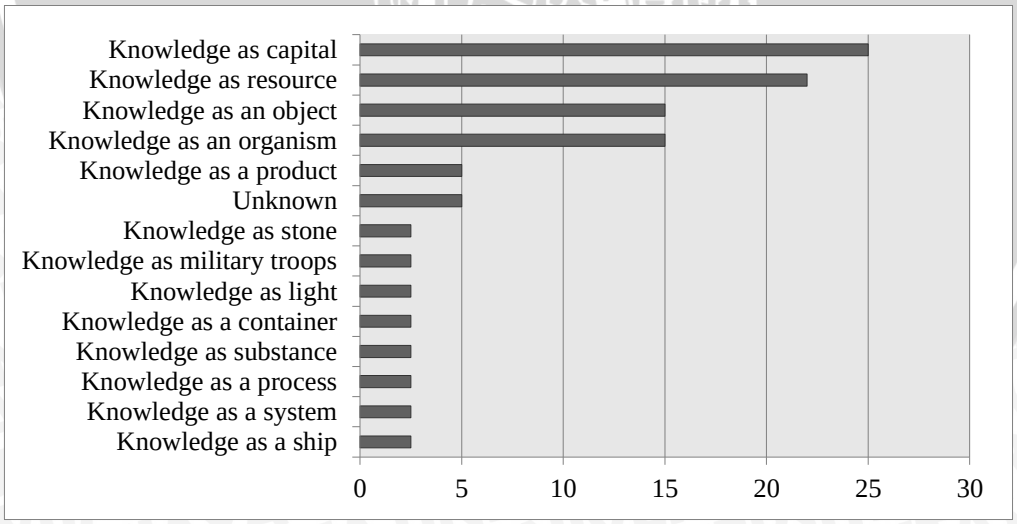

Figure 1.1: The Distribution of Metaphors Use on Steward

Source: Andriessen on Suyadi (2008)

Knowledge is a pointless value if it is not created, shared, and used in organizations (Grover and Davenport on Ipe, 2003). In a knowledge-based economy, both theory and practice argued that the richest resource modern companies have is the knowledge that resides within their employees because unlike other types of resources, the value of knowledge increases as it is shared (Quinn, Anderson, Finkelstein on Hsu and Wang, 2008). Therefore the way how to foster knowledge sharing among employees so that companies can leverage their richest resource has become a key managerial issue (Michailova and Husted on Hsu and Wang, 2008). Interaction and communication among organization members reflects the knowledge sharing process.

Knowledge sharing is the heart of knowledge implementation within organization. Organizational knowledge reflects through the information sharing and interaction among organizational members. Sharing on knowledge and information is a kind of cooperative behavior. Cooperative behavior is more likely when team members are connected strongly either directly or indirectly through mutual colleagues and friends (Reagans and McEvily on Liu *et al.*, 2010). A positive attitude towards knowledge sharing among the members of a given organization is the most basic precondition for knowledge creation (Liu *et al.*, 2010). It means that knowledge sharing is one of the primary requirements of organizational survive.

Knowledge deployment acceleration constitutes knowledge sharing benefit. Based on Chong (2010) knowledge management could be practice in varying size company including MSMEs. The applications of knowledge sharing

within MSMEs will faster its development. Due to MSMEs does not have many division parts within its organization, thus study about inter-organizational knowledge sharing between MSMEs emerge. MSMEs appear increasingly crucial to the success of a national economy (Johnston and Loader on Chen *et al.*, 2006). MSMEs play a vital role in a country's economic health (Johnston and Loader on Chong, 2010) and considered the backbone of any countries overall development.

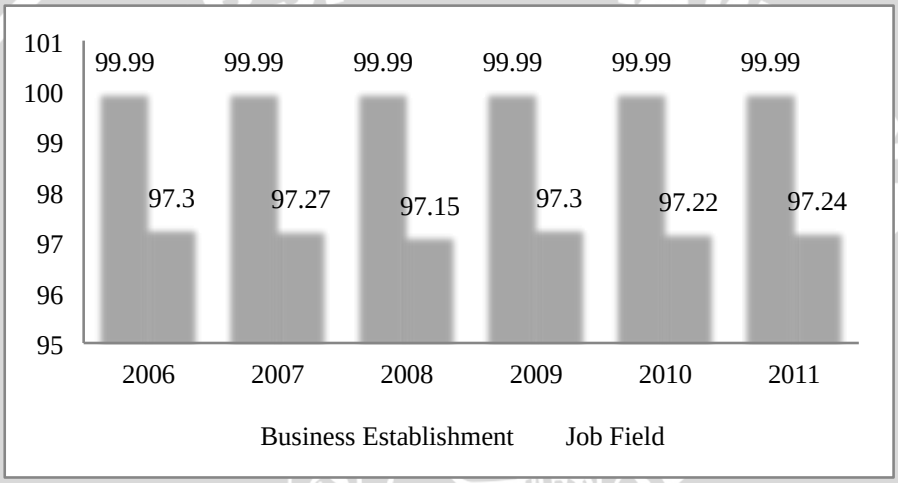

Figure 1.2: The MSMEs Contribution for Indonesia

Source: Ministry of Cooperatives and SMEs (2012)

Figure 1.2 expresses the imperative role played by Indonesian MSMEs and its development from 2005-2011. Easy to understand in view of the important economic and social roles played by MSMEs as reported in the literature. Ministry Cooperatives and SMEs of Indonesia for instance, reported that from 2005-2009 MSMEs account for 99.99 percent of total business establishments. MSMEs also contribute in employment providing for 97,30 percent of the total job field in 2009. Obviously, MSMEs effectiveness in leveraging knowledge will play a key

role in the success of a national economy. Effort devoted to study or exploration of KM issues related to MSMEs is considered to be worthwhile (Chen *et al.*, 2006) and it is important to analyze how to foster MSMEs bonds.

Remembered the vital role of MSMEs for national growth, especially MSMEs within traditional market, knowledge sharing endorsement should be wake up in order to bring competitive advantage on both MSMEs and also the economic contribution. It is sure that proper knowledge sharing practices can lead towards sustainable competitive advantage. It enables MSMEs competence to face the competitors and strengthen the survival capability. Chong *et al.* (2010) stated suffice to conclude that proper knowledge management implementation by MSMEs will enable these enterprises to reap a broader dimension of benefits not only for the enterprise per se but also the success of the whole national economy.

Based on Chong *et al.* (2010) there are seven areas as the needs of inter-organizational knowledge sharing among MSMEs. Areas that have been the focus of the study including, (1) the importance of knowledge; (2) perception of the importance of knowledge areas; (3) areas in which insufficient knowledge contributes to costly errors or mistakes; (4) knowledge sharing activities; (5) social networks involved; (6) constraints of inter-organizational knowledge sharing; and (7) the effectiveness in leveraging knowledge. All of the items were adapt from Chen *et al.* (2006) and modified to suit the particular circumstances of the environment to be examined. The current research variables also modified with certain condition in research site, thus only seven areas were eligible.

Apparently show up from the above that knowledge sharing for MSMEs topic is under much discussion and urgent among the developing countries such as Indonesia. It is the reason why Mangkusubroto on Tjakraatmaja (2006) conclude that Indonesia generally lack proper understanding of knowledge and slow in adopting formal and systematic its practices. The fact motivated this current study to be conducted on Indonesian MSMEs, particularly MSMEs within traditional market. Actually it does generate great value to Indonesian citizen but have not stronger enough to defense the existence toward the modern ones.

Traditional markets until the current years still become the pivot of society trade activities, thus unfortunately if traditional market impeding decreases in the future. It is proven by some traditional retail markets are struggling with the growth of out-of-town supermarkets, the recession and internet shopping. To help address this problem, for instance The Department for Communities and Local Government of England (US Fed News, 2010) issued to hold a new package of practical advice and training for traditional market traders.

Furthermore, in Indonesia the development of modern retail market share which is majority foreign-owned increased significantly every year. Contrasts with the traditional market development owned by the society that getting runs towards the direction of decline. Survival of the traditional market now does not reflect the real competitiveness in the middle of the rapid development of modern retail market (Business Competition Supervisory Commission, 2008: 2). The survey also shows, the modern market in Indonesia grew 31,4 percent per year, while the traditional markets have decreased 8 percent

every year. If it is left continuous, not impossible the traditional market leaving only a name (Suman, 2011) and with the current trend towards expansion in the retail world, which is dominated by modern markets, traditional markets may vanish (MSMEru Research Institute, 2007). The Ministry of Cooperatives and MSMEs in Indonesia hold credits loan and trainings to address this problem.

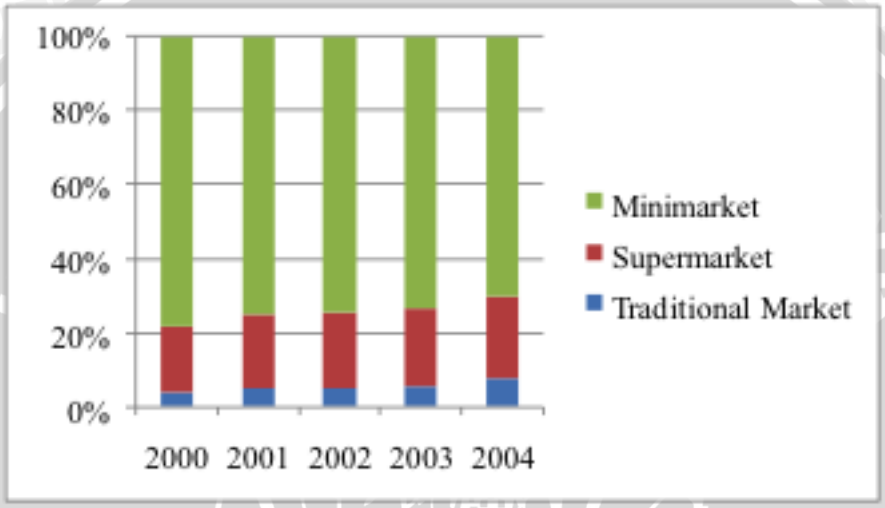

Figure 1.3: Traditional Markets, Minimarkets, and Supermarkets, as Percentages of All Markets

Source: A.C. Nielsen (2005)

Data based from Bank of Indonesia (2012), total of traditional market in Indonesia is more than 13.000 cover the number of market traders about 12,6 million people. Unfortunately if the emerge of this market can not grow in line with its urgency. Compared to modern markets with less amount labor, the traditional market actually has the potency to drive the local economic and absorb labor.

Additionally the All-Indonesia Provincial Government reported that earnings of traditional markets in Jakarta dropped to 60 percent. The same

condition also happens in the Malang city, figure 1.4 shows the decline retribution earning from traditional market until 50 percent in 2009. Reportedly the earnings of traditional market there dropped to 30 percent in 2010 (Suman, 2011).

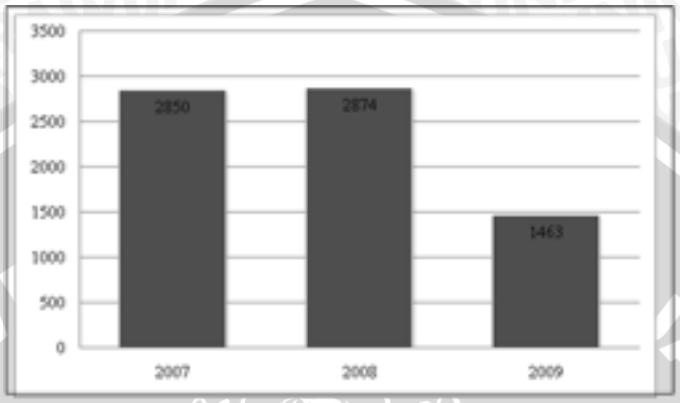

Figure 1.4: Traditional Market Service Retribution in Malang City

Source: Malang government (2009)

As one of the big cities in Indonesia, Malang is recognized and famous as the central of traditional market and MSMEs in East Java. Totally Malang has twenty-seven traditional markets as the central place to gather MSMEs that separated in five districts, including Kedungkandang, Sukun, Klojen, Blimbing, and Lowokwaru. Some leading MSME exist in Malang, such as Keripik Tempe Sanan, Ceramics Industry in Dinoyo, Rattan Craft in Arjosari, and Pottery Craft in Betek.

By some times passed, these traditional markets challenge with globalization era, which forced to concede the dominance toward modern market or mall as well. Even two traditional markets, namely Blimbing and Dinoyo have to relocate to remote area because the place before will switched into business district. Many traditional markets still withstand on its original place get a lot of

supports from society to be survival. Hence this research will reveal the inter-organizational needs among MSMEs in traditional markets to analyze how is the inter-organizational interaction among MSMEs and their effort in leveraging the knowledge sharing for the sake of competitive advantage, then consequently to the sustainable competitiveness. Taking the research entitled, **"Analysis of Inter-Organizational Knowledge Sharing Needs Among Micro, Small, and Medium Enterprises Within Traditional Market"** in would be one of the paths in advancing Indonesian MSMEs within traditional market.

B. Problem Statement

According to the background stated before, thus can be deducing that the problem statement of this minor thesis as the following sentences below:

1. How does the importance of knowledge have the significance effect toward the inter-organizational knowledge sharing?
2. How does the perception on the importance of knowledge areas have the significance effect toward the inter-organizational knowledge sharing?
3. How does the areas in which insufficient knowledge contributes to costly errors or mistakes have the significance effect toward the inter-organizational knowledge sharing?
4. How does the knowledge sharing activities have the significance effect toward the inter-organizational knowledge sharing?
5. How does the social networks involved have the significance effect toward the inter-organizational knowledge sharing?

6. How does the constraints of inter-organizational knowledge sharing have the significance effect toward the inter-organizational knowledge sharing?
7. How does the effectiveness in leveraging knowledge have the significance effect toward the inter-organizational knowledge sharing?

C. The Objective of Research

Hand in hand with problem statement above, thus can be deducing that the objectives of this minor thesis as the following sentences below:

1. To analyze and elaborate the effect of the importance of knowledge toward the inter-organizational knowledge sharing.
2. To analyze and elaborate the effect of the perception on the importance of knowledge areas toward the inter-organizational knowledge sharing.
3. To analyze and elaborate the effect of the areas in which insufficient knowledge contributes to costly errors or mistakes toward the inter-organizational knowledge sharing.
4. To analyze and elaborate the effect of the knowledge sharing activities toward the inter-organizational knowledge sharing.
5. To analyze and elaborate the effect of the social networks involved toward the inter-organizational knowledge sharing.
6. To analyze and elaborate the effect of the constraints of inter-organizational knowledge sharing toward the inter-organizational knowledge sharing.
7. To analyze and elaborate the effect of the effectiveness in leveraging knowledge toward the inter-organizational knowledge sharing.

D. The Contribution of Research

1. Academic Contribution

a. As the investigation of inter-organizational knowledge sharing needs among MSMEs within traditional market that has received relatively little research attention to date.

b. As the empirical findings point on the need for the MSMEs within traditional market to pursue inter-organizational knowledge sharing practices.

2. Practice Contribution

a. As an effort to uncover many implications for both practitioners and managers about inter-organizational knowledge sharing among MSMEs within traditional market in Indonesia.

b. This paper is one of the first to address the inter-organizational knowledge sharing needs of MSMEs in Indonesia.

E. Part of Discussion

CHAPTER I: INTRODUCTION

This chapter consists of five parts, begin with background study explained the reason why to do the research and elaborate the intertwined between knowledge management, knowledge sharing, also MSMEs and traditional market. According to the background, problem statement and objective of research can be deducted. Last, research contribution both academic and practice stated, then explain part of discussion structurally.

CHAPTER II: THEORETICAL FRAMEWORK

The second chapter discuss about some theories and literatures related with research title. It is include theory regarding marketing concept; knowledge; knowledge sharing; micro, small, and medium enterprise in Indonesia; traditional market; and the seven areas affecting inter-organizational knowledge sharing among MSMEs within traditional market, then theoretical framework and hypothesis. The theory stated that knowledge is the key and resource in achieving competitive advantage.

CHAPTER III: RESEARCH METHODOLOGY

The third chapter explains method that use in research, include research type, mentioning variables, constructs, and indicator. The population, sample, sampling technique, and resource instrument determined by purposive sampling-based, while data collection gathers from the location and site research. Data analysis covers the technique analysis phases, validity and reliability test.

CHAPTER IV: ANALYSIS AND DISCUSSION

The fourth chapter elaborates about data interpretation based on the data processing results. The process suited with research method as stated before. After that sequence phases, the discussion will explained and linked to the literature.

CHAPTER V: CONCLUSION AND SUGGESTION

The last chapter constitutes the conclusion from all discussion from research background until data analysis. It is conclude the final output from the previous chapters. According to the conclusion, the researcher gives suggestions that expect to bring advantages for stakeholders.

CHAPTER II

THEORETICAL FRAMEWORK

A. Marketing Concept

1. Marketing Concept in the Knowledge-Based Era

The twenty-first century dawns, marketing is poised for revolutionary changes in its organizational context (Achrol and Kotler, 1999: 146). Marketing driven by a dynamic and knowledge-rich environment. The hierarchical organizations of the twentieth century are disaggregating into a variety of network forms, including internal works, vertical networks, inter-market networks, and opportunity networks.

The role of marketing in each network is changing in profound ways. Marketing increasingly will be responsible for creating and managing new marketing knowledge and many more. It will explore new frontiers in multilateral marketing, reshape markets through technology convergence and electronic commerce, organize consumer communities, and aggregate consumer information and demand into saleable business assets. The most radical implication for marketing is shift from being an agent of the seller to being an agent of the buyer, from being a marketer of goods and service to being a customer consultant and manager of saleable consumption assets.

The twenty-first century is shaping up to be a knowledge driven society in which the basic economy resource is not material, labor, or capital, but knowledge (Drucker on Achrol and Kotler, 1999). Marketing has made several transitions,

from seller of a firm's output to key player in shaping a firm's product, technologies, policies, and strategic directions. As the next century unfolds, marketing is poised to undergo significant changes in its content, emphases, and boundaries.

2. Marketing Concept as a Network

The economy of the future is a network society (Drucker on Achrol and Kotler, 1999: 146). Business network are not entirely new, but there has been a rapid evolution in their number, form, and complexity. Marketing outcomes increasingly are decided by competition between networks of firm rather than by competition among firms. Companies embedded in strategic networks will enjoy significant market advantages in the future.

There is growing literature on network theory in marketing. Maximize organizational learning and adaptive flexibility rather than economize transaction costs becomes the critical organizing imperative in turbulence environments. Networks are more adaptable and flexible because loose coupling and open to information (Weick on Achrol and Kotler, 1999: 147). Environmental disturbances transfer imperfectly through loosely coupled networks and tend to dissipate in intensity as they spread through the system. Each unit in the network must deal with and respond to a small component of disturbance. Networks also dampen turbulence by moving information efficiently through the system, thus reducing discontinuously and enabling members to adapt more or less continuously to change.

The network organization is also a superior learning organization because it organizes functional components so that fits better with its external knowledge environment. Achrol and Kotler (1999: 148) define a network organization as follows:

> A network organization is an interdependent coalition of task or skill specialized economic entities (independent firms or autonomous organizational units) that operates without hierarchical control but is embedded, by dense lateral connections, mutually, and reciprocity, in a shared value system that defines "membership" roles and responsibilities.

Networks create dense but weak ties with members with different functions, interest and knowledge bases. Each link conduct knowledge sharing by transmits new and different information, and for the network as a whole, this means superior knowledge assimilation.

B. Organizational Knowledge

1. Knowledge Definition

Knowledge is a fluid mix of framed experience, values, contextual information, and expert insight that provides a framework for evaluating and incorporating new experiences and information (Davenport and Prusak on Setiarso *et al.,* 2009: 11). It originates and is applied in the minds of knower's. In organizations, it often becomes embedded not only in documents or repositories but also in organizational routines, processes, practices, and norms.

Knowledge is at once a representation and a substance in the same way that light is both an abstraction and a particle in motion or solid matter. Knowledge called as a substance because it is accommodates better to the

sentiments, the impressions, the institutions, the premonitions that are all part of knowledge and which the idea of representation would not be able to convey faithfully. Knowledge is the object of a continuum that extends from interpreted information to non-representable (Baumard, 1999: 19). The summary idea of fundamental knowledge definition delivered by Krough, Ichiyo, Nonaka and Choo on Setiarso *et al.* (2009: 5) as the follow:

a. Knowledge is justified true believe.
b. Knowledge is something both tacit and explicit.
c. Effective innovation creation depends on occurrence probability of creation context.
d. Innovation creation includes five stages, which are:
    1) Tacit knowledge sharing,
    2) Create concept,
    3) Justify concept,
    4) Built prototype, and
    5) Spreading knowledge.

Basically knowledge was introduced consist of two types, namely tacit knowledge and explicit knowledge (Polanyi on Tobing, 2007: 21). Tacit knowledge constitute silent knowledge inside human mind as intuition, judgment, skill, values, and beliefs which difficult to formulate and share with others. There are two sides of tacit knowledge, which are a cognitive and technical dimension (Baumard, 1999: 59). Cognitive dimension is including paradigms, mental models, and representation. Technical dimension is including know-how, expertise applied to a specific context.

While explicit knowledge constitute is codify able or codified as document or tangible form, thus easy to transfer and distribute with various media. Explicit knowledge can be formula, cassette, video and audio, specification of product or

manual. Both tacit and explicit knowledge can convert through four-convert process which illustrate by table 2.1 below.

Table 2.1

Four Model of Knowledge Converter

		To	
		Tacit Knowledge	Explicit Knowledge
From	Tacit Knowledge	Socialization	Externalization
	Explicit Knowledge	Internalization	Combination

Source: Nonaka and Takeuchi on Ngah and Jusoff (2009)

The concept in terms of a knowledge spiral (Nonaka and Takeuchi on Ngah and Jusoff, 2009) encompassing four basic patterns of interaction between tacit and explicit knowledge: socialization, externalization, combination and internalization. The main idea of the spiral is the sharing of knowledge of an individual and share it with others and eventually acquire a new knowledge which is simply knowledge sharing. The concept explained that tacit knowledge need to be convert into explicit in order to make it useful. And the process is through socialization and informal. However Leonard and Sensiper on Ngah and Jusoff (2009) pointed out that knowledge is not necessarily needs to be explicit in utilizing it. Knowledge can remain tacit because collective tacit knowledge can lead to creativity and innovation.

Table 2.2

A Framework of Organizational Knowledge

	Knowledge
Static Substance Knowledge	Visionary knowledge
	Objective and/or subjective knowledge; generic knowledge
Dynamic Process Knowledge or Human Activity System (HAS)	Autonomous HAS distinct mission
	Semi-autonomous HAS / defined goals
	General HAS / defined problems

Source: Simplified from Gao *et al.*, 2002 on Gao *et al.*, 2008

Table 2.2 above shows that at the organizational level, organizational knowledge is divided into organizational static substance knowledge and organizational dynamic process knowledge. Static substance knowledge refers to explicit knowledge or the bodies of knowledge in terms of mission and vision, science, technology, management theory, as well as the information and data upon which knowledge is based or from which it is drawn out (Gao *et al.*, 2008). Organizational dynamic process knowledge relates to human actions or the activities of organizational operation called as the organizational human activity system. Hence at the organizational level, the emergence for both static substance knowledge and organizational dynamic process need to be executed.

2. Knowledge Management

Knowledge management is final conclusion of many exist management concept and also as a new concept which complete and comprehensive, focusing

on creating and implementing knowledge in organization (Tjakraatmaja, 2006). Knowledge management can be seen as embodiment from integration and also culmination of many exist organizational method. Knowledge management in business organizations has the task of managing the activities of knowledge workers or the transformation and interaction of organizational static substance knowledge and dynamic process knowledge for products, services, and practical process innovation and at the same time creating new or justifying existing organizational systematic knowledge (Gao *et al.*, 2008). Knowledge management is not simply about recording and manipulating explicit knowledge, but needs to address that which is implicit, and from which benefit can therefore be derived only through process rather than content.

Drucker on Gao *et al.* (2008) was the first to identify management as an independent discipline authoring the concept of the corporation and the practice of management. The term management generally means the act of organizing and controlling a business or similar organization. Knowledge management in a business organization means managing the activities of knowledge workers, which is achieved through facilitating, motivating, leading, and supporting knowledge workers and providing or nurturing a suitable working environment.

The essence of knowledge management for business organizations is to build up organizational capabilities, producing competitive knowledge and transferring it into products or services. Hereby are some empiric evidences led to justify the role of knowledge management to adapt in the high competitive environment stated by Mentzas on Suyadi (2008: 8) as follow.

a. Knowledge management is absolutely critical to the success of my company (60% of chief executive officer survey in 1998 sponsored by the economic forum).
b. Enterprises that lack knowledge management programs will lag knowledge management enables companies in 30% - 40% (speed deployment of new products and services).
c. The average percent or revenue spent on knowledge management in Europe is expected to increase to 5,5% in the next three years (which is more than European companies spend on R&D).

Beside facts above, Abram on Suyadi (2008: 8) mentioned some points related on how knowledge management is very important as follow:

a. Just in cost (JIC) to just in time (JIT) to just for you (JFY) to just for me (JFM).
b. Enterprises and government are trying to maintain control in an age of too much information.
c. Smart organizations or departments try to harness the power in the information – rather than simply impose rules.
d. Knowledge management is a process which relies on both technology and human piece most critical.

Knowledge management also acknowledged as the embedded of organizational intellectual capital. It is represent the potential assets for creating value in organizations. Organizational intellectual capital is the mediating construct that drives organizational performance through knowledge workers, interconnectivity, and corporate awareness (Youndt and Snell on Carrel, 2007). It is a form of non-material wealth that has potential to create more wealth.

Organization for Economic Co-operation and Development or OECD (1999) defined intellectual capital as the economic value of two categories of intangible assets of a company that is organizational and human capital. Intellectual capital is knowledge material that raised, shaped, and captured to produce high value asset for company. Company will get added value or

competitive advantage if utilize intellectual capital (Oliver on Suyadi, 2008: 35) and really valuable (Steward on Suyadi, 2008: 35).

The subject of intellectual capital is cross-disciplinary in nature and offers a variety of perspectives. The aim of the knowledge management as intellectual capital perspective is to provide a balanced and holistic view of the organization, which includes all value-creating resources that the organization has at its disposal to create capital (Peppard and Rylander on Jain and Dhar, 2010). These include financial or monetary capital, physical capital and intellectual capital.

Intellectual capital encompasses more than these intangibles. It includes a range of kinds of knowledge, tradition, ideas, and innovations. Intellectual capital may also be thought of simply as knowledge that can be converted into profits. With the rise in importance of intellectual capital and the management of intangibles, and with the emergence of knowledge companies, the intellectual capital framework is emerge as a model for industrial and business organizations to executed knowledge management.

3. Organizational Learning

Organizational learning embeds as capturing and sharing the knowledge and experience of an organization's individuals is vital for creating viable, relevant, and effective organizations that will thrive into the future (Goldsmith *et al.*, 2004). The thought, insights, and visions expressed in organizational learning represent the thinking of some of the world's most knowledgeable minds. Essentially, learning can be seen to have occurred when organizations perform in changed and better ways. The goals of learning are useful outcomes. Thus a

primary reason why organizations need to learn is to deal with uncertainty in their markets and technologies, and learning occurs throughout the activities of the organization (Dodgson, 1993). Organizational learning valuably highlight that the contemporary significance of the accumulation of learning will generate competitiveness by the proactive role on its stimulation.

Some of the complexity within the processes of organizational learning can be analyzed by continuing with the metaphor of individual learning. Individual learning involves five kinds of learned capabilities as follow:

a. Verbal knowledge or declarative knowledge which ranges from isolated facts to bodies of organization information.
b. Intellectual skills or procedural knowledge which enable the individual to demonstrate the application of concepts and rules to specific instances.
c. Cognitive strategies involve a number of process such as perceiving, encoding, retrieving, and thinking. They can be problem solving, control and modify other cognitive processes of learning and memory such as attention, encoding, and retrieving.
d. Attitudes are learned states that influence the choices of personal action the individual makes toward persons, objects, or events.
e. Motor skills are smoothly timed muscular movements enabling procedures to be undertaken precisely (Corsini on Dodgson, 1993).

The relationship between individual and collective learning has received a great deal of attention from within the organizational theory perspective. Throughout the various literatures, organizational learning is commonly argued to be more than the sum of the parts of their workers' learning. According to Hedberg on Dodgson (1993) indeed organizations do not have brains, but it has cognitive system and memories which preserve certain behaviors, mental maps, norms, and values over time. Thus shared knowledge, norms and values are agreed to be indicative of organizational rather than individual learning.

4. Learning Organization

Organizations that purposefully construct structures and strategies so as to enhance and maximize organizational learning have been designated learning organization (Dodgson, 1993). Actually, the learning organization is a special case of organizational learning (Easterby and Smith; Huysman on Ortenblad, 2002). The concept of learning organization mostly functionalistic (Ortenblad, 2002) and the characteristics of the learning organization are described by Pedler on Dodgson (1993) who define it as 'an organization which facilitates the learning of all its members and continually transforms itself' and argue that it:

a. Has a climate in which individual members are encouraged to learn and to develop their full potential.
b. Extends this learning culture to include customers, suppliers, and other significant stakeholders.
c. Makes human resource development strategy central to business policy.
d. Continually undergoes a process of organizational transformation.

The heavy emphasis in such organization on training and human resource development to facilitate learning is matched by efforts to consider the direction and effective utilization of learning activities. Individuals are the primary learning entity in organization that creates organizational forms that enables knowledge sharing for learning happened.

5. Knowledge Sharing

Knowledge sharing is defined as the process intended at exploiting existing knowledge and knowledge sharing is hence defined as being about identifying existing and accessible knowledge. In order to transfer and apply this knowledge to solve specific tasks better, faster and cheaper than they would

otherwise have been solved (Christensen, 2007: 36). The goal of knowledge sharing can either be to create new knowledge by differently combining existing knowledge or to become better at exploiting existing knowledge.

Knowledge sharing is critical to a firm's success (Davenport & Prusak on Ngah and Jusoff, 2009). The major problems of knowledge sharing are to convince, coerce, direct or otherwise get people within organization to share their information (Gupta *et al.,* on Ngah and Jusoff, 2009). For organization, knowledge sharing is capturing, organizing, reusing and transferring experience-based knowledge that reside within the organization and making that knowledge available to others in the business. The interesting characteristic of knowledge is that its value grows when shared (Bhirud *et al.,* on Ngah and Jusoff, 2009).

Since knowledge sharing is assumed to be voluntary and volitional, one focus of past research has been on the individual's willingness, intention, or propensity to share knowledge with a co-worker. Research to date approaches the concept of propensity to share in two ways. In one variation, propensity to share knowledge is part of the expression of self-identity, so that if being regarded as knowledgeable is important in self-identity, then the individual is motivated to share (e.g. Constant *et al.,* on Cyr and Choo, 2010). In a second variation, one that we adopt in this study, it is a subjective norm, a willingness to share that constitutes an attitude or personal norm. Jarvenpaa and Staples on Cyr and Choo (2010) state, "Propensity to share is a personal norm reflecting the costs and benefits of sharing. Propensity to share information relates to a specific personal norm that is influenced by the greater context".

Knowledge sharing in organizations is the process through which one unit is affected by the experience of another. Knowledge sharing in organizations may be viewed as the behavior by which an individual voluntarily provides other members of the organization with access to his or her knowledge and experiences. Knowledge sharing encompasses a broad range of behaviors that are complex and multi-faceted. For example, while technology provides the tools for sharing information and knowledge, the possibilities for doing so are not necessarily taken advantage of. Research has found that knowledge sharing is shaped by many factors, including the culture of the organization, the nature of the technology, and the individual's values and attitudes towards sharing (Oliver; Wide´n-Wulff and Ginman; Hall on Cyr and Choo, 2010). Therefore knowledge of organizational behavior is compulsory in order to execute knowledge sharing.

C. Micro, Small, and Medium Enterprise and Traditional Market in Indonesia

1. Micro, Small, and Medium Enterprise (MSME)

According to the Indonesian Law Number 20 in 2008, MSME has some types that are micro, small, and medium enterprise. Micro enterprise is a productive enterprise owned by individuals and or private entities that meet the criteria as follows:

a. The maximum asset is 50 million rupiah excluding land and building of business premises.
b. The maximum annual sale is 300 million rupiah.

Small enterprise is an independently productive business, which carried by an individual or business entity that not a subsidiary or not branches of company

owned. It controlled or apart, directly or indirectly from the medium or large business that the criteria as follows:

a. The maximum asset is more than 50 million rupiah and maximum is 500 million rupiah, excluding land and building of business premises.
b. The maximum annual sales is more than 300 million rupiah and maximum is 2,5 billion rupiah.

Medium enterprise is an independently productive business, which carried by an individual or business entity that not a subsidiary or not branches of company owned. It controlled or apart, directly or indirectly from the small or large enterprise with the amount of asset or annual sales as regulated below:

a. The maximum asset is more than 50 million rupiah and maximum is 500 million rupiah, excluding land and building of business premises.
b. The maximum annual sales is more than 300 million rupiah and maximum is 2,5 billion rupiah.

Actually there are multiple definitions of MSME that have been proposed and utilized by Indonesian Government departments and institutions. Hence, Turner (2003:4) developed and used a single consistent definition to avoid ambiguity. The definition adapts the Indonesian Central Bureau of Statistics definition by merging their categories of micro enterprises (those which employ one to four people), small enterprises (those which employ five to nineteen people), and medium enterprises (those which employ twenty and more workers). In order to construct a single category of MSME within traditional market, thus the chief characteristics according to the working definition preferred as follows:

a. Family workers or a mixture of family and wage workers;
b. The owner of the enterprise works directly in the production;
c. Flexible working conditions;
d. Low profits (certainly less than 1.000 million rupiah);
e. Frequently unlicensed by the government.

It should be recognized that MSME might meet some of these conditions to varying degrees rather than satisfy all of them. Therefore it is important that differences among MSMEs are explicitly recognized by number of workers, all the more so when one understands that enterprises exist in a diversity of environments and fulfill a very board range of roles (Kabra on Turner, 2003: 5). This means that MSME incorporate into their basic organization the imprint of the setting in which they emerge and operate, making the difficult to hammer out a neat definition.

2. Traditional Market

Generally, market has defined as meeting place between seller and buyer, market function to provide ready goods and services to sell, thus happen property right transfer to the potential customer (Swastha on Rudiyanto, 2009). Traditional market defined as a meeting place for buyers and sellers, it is marked with direct transactions and there is usually a process of bargaining. The building usually consists of the stalls, outlets, and open shelters. Most sell daily necessities such as food ingredients in the form of fish, fruits, vegetables, meets, cloths, electronics, services, and others.

Traditional market managed simply along with the traditional physical buildings that apply direct bargaining process. Traditional market aims to fulfill the necessity of village, district, and all society. The seller this market includes MSMEs and cloister tradesman. Price in traditional market is uncertainty, therefore bargaining process is applicable. From comfortable side, traditional market usually dirty with not neat location.

According to Sinaga (2008) traditional market seller usually conducts bargaining process through dialog and conversation about pricing, goods quality, and goods order. Reviewed from quality aspect, the goods that sold usually local commodity and sold without pass tight sorting. From quantity aspect, goods that provided not too much so that if there are any goods that looked for is not found at certain kiosk, so can be looked for at other kiosk. Distribution chain in traditional market consists of producers, distributor, sub distributor, retailer, and consumer.

For instance, obstacle that faced by traditional market is payment system to distributor or sub distributor done with cash. The seller cannot do static promotion or give commodities discount. They only can demote goods price that less interesting for consumer. Besides also experience difficulties in maintaining goods continuity, weak in both technology and management aspect and it implies on weak competitiveness.

D. Knowledge Sharing in MSMEs

1. The Important of Knowledge Sharing for the Success of Knowledge Management in MSMEs

An important process in knowledge management is that of knowledge sharing. The sharing occurs at various levels, such as between individuals, from individuals to explicit source, from individuals to groups, between groups, across groups, and from the group to the organization. Considering the distributed nature of organizational cognition, an important process of knowledge management in organizational setting is the transfer of knowledge.

The strength of MSMEs lies in motivation, good network, tacit knowledge in unique skills, shorter informal communication, less bureaucracy, greater proximity to market and internally which is important to be innovative (Nooteboom on Ngah and Jusoff, 2009). Tacit knowledge sharing is ubiquitous in informal and without bureaucracy (Egbu *et a.l,* on Ngah and Jusoff, 2009). Inter-personal knowledge sharing in MSMEs involves activities of transferring or disseminating knowledge among MSMEs member with a view to developing new capabilities for effective actions. To achieve the benefits of inter-organizational knowledge sharing, it is essential for all the parties involved to be in cooperative relationships (Dyer and Singh on Cheng *et al.*, 2008). Through collaborations between MSME and their partners, a base of jointly held knowledge can be created and maintained through knowledge sharing, thus enhancing mutual understanding and expectations (Larsson *et al.* on Cheng *et al.*, 2008).

With effective knowledge sharing, the strategic intent of inter-organizational collaborations for a sustainable competitive advantage can be achieved by combining the relevant organizational resources and capabilities of all parties (Madhok and Tallman on Cheng *et al.*, 2008). However, competition may occur when the MSMEs and its partners need to capture specific business values created in the market or to protect their own interests. In other words, these parties are in a co-opetition relationship where cooperation and competition coexist (Brandenburger and Nalebuff on Cheng *et al.*, 2008). In the form of inter-personal knowledge sharing, cooperation has the potential to increase each party's knowledge base and competitiveness, as knowledge is a source of competitive

advantage (Loebecke *et al.* on Cheng *et al.*, 2008). As such, firms would rather not share knowledge if they feel that what they gain from cooperation is outweighed by losses from relinquishing their monopoly over the knowledge.

2. Knowledge Sharing and the MSMEs Performance

Knowledge sharing leads to higher organizational performance (Du *et al*, 2007; Widen-Wulff & Suomi, 2003, 2007, Darroch & McNaughton, 2002 on Ngah and Jusoff, 2009). Especially when knowledge sharing capabilities is combined with organizational resources (Widen-Wulff and Suomi on Ngah and Jusoff, 2009). Choi & Lee on Ngah and Jusoff (2009) indicated that applying tacit and explicit oriented strategies is imperative for firm performance by large sized firms in western countries, but scant on firms' performance of MSMEs in developing countries.

Small businesses may lack performance measurement frameworks, these businesses should start with simple performance measures in their performance measurement framework. Small business should strive for simplicity and keep their performance measurement system focused and simple. The expression of small firm has no single definition, mainly because of the wide diversity of businesses. In the literature, some of the most widely used criteria to delineate a "small business" include size, number of employees, sales volume, asset size and type of customers (Ali on Ngah and Jusoff, 2009). The size of the businesses and the increasingly competitive market force MSMEs to consider more cost-effective

processes than large enterprise must consider. Small businesses have to deal with unique operational and limited financial and economic resources.

The strength of small business lies in greater motivation, better survey of the entirety of a project, tacit knowledge in unique skills, more informal communication along shorter lines, less bureaucracy, greater proximity to the market and to own production (Nooteboom on Ngah and Jusoff, 2009). In short, in order for MSME to perform better in market, they need supportive culture, active knowledge sharing activity and innovation process. Every organization deal with many issues and MSMEs are not exempted. Ali on Ngah and Jusoff (2009) stated that accordance with the problems faces by MSMEs attempting to sustain their market share and to increase growth, they require strategic and operational planning, management of human resource, decision making related to financial, technical and marketing issues; and performance measurement.

3. Intra and Inter-Organizational Knowledge Sharing

Knowledge sharing can take place in internal and external organization. Knowledge sharing that happened inside organization also called as intra-organizational knowledge sharing. The knowledge embedded involves transferring or disseminating knowledge among individuals or groups in a company. It serves as a basis for knowledge utilization to create competitive advantage for the firm (Sabherwal and Sabherwal on Hsu and Hwang, 2008). As an important aspect of knowledge activities, it should be guided by the strategy of the firm (Hamel and Prahalad on Hsu and Hwang, 2008). In the model of intra-

organizational knowledge sharing, another antecedent should be included is top management knowledge values. It could be conclude that intra-organizational knowledge sharing only can be done in the large size company, which has many departments, divisions, and units.

Knowledge sharing that happened outside organization also called as inter-organizational knowledge sharing. The knowledge embedded has been recognized as the collaboration across formal organizational boundaries in order to secure access to acquire and leverage vital knowledge is central to the organizational operations (Barringer and Harrison, 2000; Lang, 2004; Powell *et al.,* 1996 on Chong *et al.,* 2010). Knowledge sharing from external sources has important implications for organizational outcomes. Particularly to keeping the competitiveness of enterprises in view of resource limitations as MSMEs in developing country for instance, inter-organizational knowledge sharing is more emerge and imperative to implement than the another else.

4. Areas Affecting Inter-Organizational Knowledge Sharing in MSMEs

a. The Importance of Knowledge

The external knowledge for a company actually exists in its business environment, which is defined as ‘‘the relevant physical and social factors outside the boundary of an organization that are taken into consideration during organizational decision-making’’ (Daft *et al.* on Chen *et al.*, 2006). MSMEs may be distinguished from large companies, by some or all of the following features: flexibility and volatility, skill or expertise shortages, very limited market power,

market behaviors mainly affected by partners, or competitors (Deakins; Duan *et al.* on Chen *et al.*, 2006). Therefore external knowledge is of prime importance to MSMEs, whereas large businesses may pay more attention to the knowledge of their internal aspects (Sparrow *et al.* on Chen *et al.*, 2006).

b. Perception on the Importance of Knowledge Areas

The environment has two layers, the one closest to the organization is the task environment, with sectors that have direct transactions with the organization, such as competitors, suppliers, and customers. The outer layer represents the general environment and refers to sectors that affect organizations indirectly, such as the economic, legal, social and demographic ones (Xu *et al.* on Chen *et al.*, 2006). Day on Chong *et al.* (2010) concludes that organizations that are able to learn about customers, competitors, and regulators stand a better chance of sensing and adapting their products and services to emerging needs. Daft *et al.* on Chen *et al.* (2006) found that sectors in the task environment generate greater strategic uncertainty than those in the general environment and thus are perceived as more important than the latter.

c. Areas with Insufficient Knowledge Contributes to Costly Errors or Mistakes

Once the importance of external knowledge in the relevant sectors of the task environment for MSMEs is identified, it may be considered whether MSMEs have sufficient knowledge about the organizations related to the identified sectors. Obviously, if MSMEs have been aware of their insufficiencies in knowledge

about the relevant organizations, such as knowledge gaps about these organizations exist in them, they will need to acquire the external knowledge (Szulanski; Beijerse; Chen *et al.* on Chen *et al.*, 2006). Therefore, MSMEs' needs for inter-organizational knowledge sharing can be identified by means of the identification of their knowledge insufficiencies about the relevant organizations.

d. Knowledge Sharing Activities

To acquire external knowledge, MSMEs need to engage in some activities to interact with external organizations, such as inter-organizational knowledge sharing activities. Obviously, if MSMEs have no need for inter-organizational knowledge sharing, they will have no motivation to take part in knowledge sharing activities. The identification of these activities may reflect MSMEs needs for inter-organizational knowledge sharing from another perspective and also demonstrate their current practices in the area (Chen *et al.*, 2006).

e. Social Networks Involved

Organizations need channels to facilitate their knowledge exchange in the inter-organizational knowledge sharing activities. Social and electronic networks are thought of as being two such channels (Chen *et al.* on Chen *et al.*, 2006). Therefore, the current situation and effectiveness of MSMEs use of social networks to facilitate knowledge exchange between organizations need to be examined.

The social network may provide opportunities for face-to-face communication, produce strong ties between member organizations through the appropriate application of the two mechanisms that are trust and power. Thus

work as a channel to transfer both tacit and explicit knowledge between member organizations (Dyer and Nobeoka; Chen *et al.* on Chen *et al.*, 2006). An electronic network may work as another channel to transfer knowledge between organizations (Chen *et al.* on Chen *et al.*, 2006). Thus electronic network can provide an opportunity to communicate with other organization.

Although there are some difficulties for an electronic network to transfer tacit knowledge, it has advantages over social networks in rapidly transferring explicit knowledge, rapidly developing weak ties and greatly reducing communication cost (Grandori and Soda; Preece; Jones and Beckinsale; Warkentin *et al.* on Chen *et al.*, 2006). The member organizations of a social network may build up their own electronic network to facilitate explicit knowledge sharing between them. Even if this case has not happened in a social network, its member organizations may still use network technology such as the internet to market products or acquire knowledge from external sources (Chen, Duan, Edwards, & Lehaney, 2010). External knowledge can be acquired easily by using internet, it give a lot of benefit for inter-organizational knowledge sharing.

f. Constraints of Inter-Organizational Knowledge Sharing

Inter-organizational knowledge sharing is actually the process of organizations learning from each other. The constraint of learning process need to be examined to know where is the parts that need to be improved. Based on Chen *et al.* on Chen *et al.*, (2006) this inter-organizational learning may be considered as being composed of two sub-processes:

1) Inter-individual learning between individuals from different organizations.
2) Once the individual recipient has acquired the needed knowledge, the conversion of individual learning into organizational learning through organizational internal mechanisms.

Organization may have a few or a lot of constraints depend on the member and situation within. Organization should have high motivation in pursuing insufficient areas of knowledge. Through inter-organizational knowledge sharing, organization will be able to fulfill their knowledge needs.

g. Effectiveness in Leveraging Knowledge

From the organizational learning perspective, a criterion for success is that, knowledge that is received by individuals from external sources, should be communicated and utilized effectively throughout the organization so that its business is improved (Argyris and Schon; Dodgson; Beeby and Booth on Chen *et al.*, 2006). A successful knowledge sharing for an organization should improve its business performance. The effectiveness of MSMEs inter-organizational knowledge sharing is also a matter of concern and will be measured on whether the acquired external knowledge is effectively used by MSMEs to improve their businesses.

E. Previous Research

1. Chen *et al.* (2006)

Chen's work entitled "Toward Understanding Inter-organizational Knowledge Transfer Needs in SMEs: Insight from a UK Investigation" aims to investigates the inter-organizational knowledge transfer needs and practices

among the managers of the UK SMEs in the service sector. Their study concluded that external knowledge, particularly those of the task environment such as knowledge of competitors, suppliers, and customers is of prime importance and is much needed by the SMEs than internal knowledge in view of the fact that the task environment generates greater uncertainty to the SMEs than those in the general environment. The empirical evidence collected from the survey and interviews confirms the general belief that external knowledge is of prime importance for SMEs, and demonstrates that SMEs have very strong needs for external knowledge and inter-organizational knowledge transfer.

These led Chen to argue whether SMEs have sufficient knowledge of these constituents as lack of such knowledge have contributed to the enterprises making costly errors or mistakes. Such self-examination is also critical as it pinpoints the knowledge gaps, which currently exist within the enterprises. This consequently motivates the enterprises in pursuing these types of knowledge if gaps do exist by means of inter-organizational knowledge transfer.

2. Chong *et al.* (2010)

Chong writing is entitled “Inter-organizational Knowledge Transfer Needs Among Small and Medium Enterprises”. The study has contributed to the existing knowledge by addressing the five research questions put forth through investigating the inter-organizational knowledge transfer among the SMEs through making a few contributions to both research and practice. The paper is to build upon Chen *et al.*’s work (2006) by investigating inter-organizational knowledge transfer needs and practices among small and medium enterprises

(SMEs) which have received relatively little research attention to date in Malaysia.

A questionnaire survey was conducted on SMEs which have been accorded the Multimedia Super Corridor Malaysia status. Data were analyzed using Statistical Package for the Social Sciences. The data collected from 70 owners/managers of SMEs suggest that to some extent external knowledge is believed to be an important need by the enterprises. Overall, the empirical findings point to the need for the SMEs to pursue inter-organizational knowledge transfer practices.

Chong argued that it is important for SMEs to apply the acquired knowledge gained into practice. The findings and recommendations provided in this study shed some light on the enterprises. As they make informed decisions in acting upon information obtained from their customers, suppliers, and competitors.

3. Mapping of Previous Research

Previous research can be the reference and the extra resource upon the current research. The following table is the previous research map that becomes the ground foundation for the current research. Table 2.3 provides two previous researches which relevant with topic of the current research. It contains the name of the researcher, research tittle, and the analysis.

Table 2.3

Mapping of Previous Research

Number	Researcher	Research Title	Analysis
1.	Chen *et al.* (2006)	Toward Understanding Inter-organizational Knowledge Transfer Needs in SMEs: Insight from a UK Investigation	1. A qualitative research method. 2. A two-tier methodology (i.e. using both questionnaire survey and interview approaches). 3. Simple random sampling.
2.	Chong *et al.* (2010)	Inter-organizational Knowledge Transfer Needs Among Small and Medium Enterprises	1. A quantitative research method. 2. Only one-tier methodology, which is using questionnaire survey. 3. Using convenience sampling with a non-probability sampling technique. 4. Using Likert scale

Source: Modified by author, 2012

F. Research Model and Hypothesis

1. Research Model

According to the theoretical framework above and previous research can be seen that knowledge sharing among MSMEs, which aims to gain external knowledge, is very imperative process to be examined. There are seven areas

affecting inter-organizational knowledge sharing as already elaborated and being the focus of this research.

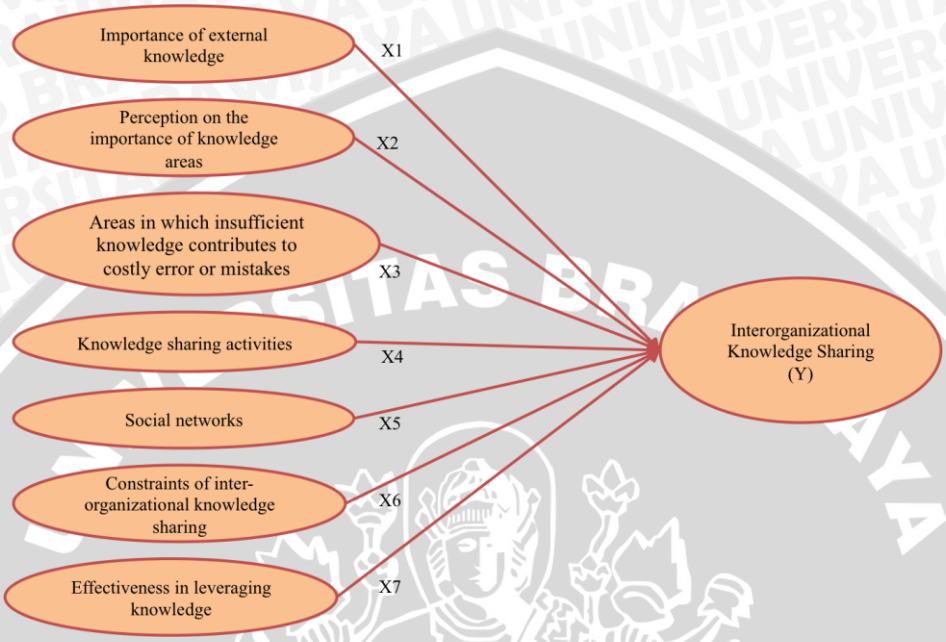

Figure 2.1: The Research Model

Source: Developed by author, 2012

The seven areas as the latent variables including the important of external knowledge; perception on the importance of knowledge areas; areas in which insufficient knowledge contributes to costly error or mistakes; knowledge sharing activities; social networks involved; constraints of inter-organizational knowledge sharing; and the effectiveness in leveraging knowledge. As for the dependent variable is inter-organizational knowledge sharing.

2. Research Hypothesis

Hypothesis is an idea to find facts that must be collected. Hypothesis also well recognizes as tentatively question or closest assumption that need to

investigate. The relationship of each variable in this research possesses the following hypotheses:

H_1: The importance of knowledge will significantly effect toward the inter-organizational knowledge sharing.

H_2: Perception on the importance of knowledge areas will significantly effect toward the inter-organizational knowledge sharing.

H_3: Areas in which insufficient knowledge contributes to costly error or mistakes will significantly effect toward the inter-organizational knowledge sharing.

H_4: Knowledge sharing activities will significantly effect toward the inter-organizational knowledge sharing.

H_5: Social networks involved will significantly effect toward the inter-organizational knowledge sharing.

H_6: Constraints of inter-organizational knowledge sharing will significantly effect toward the inter-organizational knowledge sharing.

H_7: The effectiveness in leveraging knowledge will significantly effect toward the inter-organizational knowledge sharing.

CHAPTER III

RESEARCH METHODOLOGY

A. Type of Research

The current study use an explanatory research which Bungin (2005: 38) assert that it is used to generalize sample toward the population or explain the relationship, difference, or influence of one variable with the another, hence this research use sample and hypothesis. In essence, explanatory studies are undertaken to better comprehend the nature of the problem since very few studies might have been conducted in that area (Sekaran, 2003: 119). Explanatory research undertaken when not much is known about the situation at hand or no information is available how similar problems or research issues have been solved in the past.

Singarimbun on Singarimbun and Effendi (Ed. 2006: 5), explanatory research aims to explain causal relation between variables through hypothesis test. Hence explanatory research also recognized as testing research too. Even though the elaborations contain description, but as relational research the focus emphasis on the explanation of each variable relation. This research use survey method with quantitative approach, which Singarimbun on Singarimbun and Effendi (Ed. 2006: 4) stated that survey research take sample from certain population and use questionnaire as main tool to get the data. Therefore this research conducted by direct survey to the right site.

B. Research Location and Site

Location is where the research examined, while the site is exact place where the researcher gets the accurate and needed data. The current research will take place in Malang city due to Malang also famous as the traditional market center in East Java. It would be conducted in ten selected traditional markets including Besar, Blimbing, Kebalen, Tawangmangu, Bunul, Burung, Sawojajar, Sukun, Bunga, and Wilis. Those places are selected according to the stratified random sampling. Furthermore its existence for years and already became the shelter for potential MSMEs in Malang. Therefore those traditional markets constitute feasible site for this research.

C. Concept, Variable, and Measurement Scale

1. Concept

Concept, variable, and indicator are important parts of research. Concept is definition used to depict abstractly a phenomenon, condition of group or individual that becomes the emphasis of social science (Effendi on Singarimbun and Effendi, 2008: 33). In order to analyze the concept, it is necessary to elaborate it into certain variables as the operation of research. According to Arikunto (2010: 159) variable constitute a variation condition and the condition refers to the object of research, thus variable is the variation of research objects. Based on theoretical framework used in this research, there are two concepts, which are the areas, affecting inter-organizational knowledge sharing in MSMEs (X) and the inter-organizational knowledge sharing (Y).

2. Variable

Based on Sugiyono (2008: 38) variable is an attribute from something or object who has variation between something to another or one object to another. Operable variable ought to have its exact measurement first. Nazir (2003: 126) stated that variable operation is definition gifted to a variable or construct by put meaning on it, or specify activities, or put on operating item that required to measure the construct or variable. This operational definition of variable becomes base ground to conduct measurement as the basic of establishment of research instrument. The operational definition of variable on this research explained as follows:

a. *The Importance of Knowledge (X_1)*

Explain that the relevant factors outside the boundary of an organization are critical taken into consideration during organizational decision-making compare with the internal knowledge.

b. *Perception on the Importance of Knowledge Areas (X_2)*

Explain the opinion of external knowledge is more important than internal knowledge to organizational success.

c. *Areas with Insufficient Knowledge Contributes to Costly Errors or Mistakes (X_3)*

Explain the errors or mistakes caused by lack of some types of knowledge.

d. *Knowledge Sharing Activities (X_4)*

Explain the MSMEs involvement in knowledge sharing activities and the comparison of the perceived importance of activities.

e. *Social Networks Involved (X_5)*

Explain the organization's channels to facilitate their knowledge exchange in the inter-organizational knowledge sharing activities. Explain the perception on the importance of social and electronic networks in helping organization to acquire the necessary external knowledge and the actual effectiveness in using social and electronic networks to do so.

f. *Constraints of Inter-Organizational Knowledge Sharing (X_6)*

Explain the problem faced in inter-organizational knowledge sharing in order to suit the particular circumstances of the environment being examined.

g. *The Effectiveness in Leveraging Knowledge (X_7)*

Explain the organization's effectiveness in using the acquired external knowledge to improve their business performance.

h. *Inter-organizational Knowledge Sharing (Y)*

Explain the existing and accessible knowledge in order to transfer and apply knowledge to solve specific tasks better.

The further detail of variables above available as follows:

Table 3.1

Variable and Indicator

Variable	Indicator
The Importance of Knowledge (X1)	1) Understanding of external knowledge for organizational success. 2) Understanding of internal knowledge for organizational success.

Continued Table 3.1: Variable and Indicator

Perception on the Importance of Knowledge Areas (X2)	1) Customer service. 2) Own product / service. 3) Own competencies and capabilities. 4) Individual performance. 5) Emerging market trend. 6) Competitors. 7) Suppliers. 8) Internal processes.
Types of Error or Mistakes (X3)	1) Customer relationship. 2) Competitors. 3) Emerging market trends. 4) Suppliers.
Knowledge Sharing Activities (X4)	1) Use information from customers, suppliers, or others. 2) Establish strategy to obtain information from customers, suppliers, or others. 3) Hire know-how from advisors or consultant. 4) Join in seminar and training. 5) Conducting research development. 6) Learning through customer-supplier partnership.
Social Networks (X5)	1) Social networks via internet that has joined nurtured well. 2) Social interaction networks that has joined nurtured well.
The Constraint of Inter-organizational Knowledge Sharing (X6)	1) Emphasis on individual capability. 2) Commitment. 3) Anxiety of loss. 4) Culture. 5) IT support. 6) Time availability.

Continued Table 3.1: Variable and Indicator

The Effectiveness in Leveraging Knowledge (X7)	1) Organization's effectiveness in using the acquired external knowledge. 2) Organization's effectiveness in using the acquired internal knowledge.
Inter-organizational Knowledge Sharing (Y)	1) The willingness to do knowledge sharing. 2) The intensity to do knowledge sharing.

Source: Modified by the researcher (2013)

D. Measurement Scale

In this study, the scale used is a semantic differential scale. According to Nazir (2009: 344) willed semantic differential scale to measure the understanding of an object or a concept by someone. Respondents were asked to assess a concept or object in a bipolar scale with seven points. According to Malhotra (2005: 300) semantic differential scale is a seven point ranking with the points associated with bipolar labels that have semantic meaning. Respondents marked the most unoccupied spot shows how respondents will describe the object being rated. The semantic differential technique is a refinement of the Likert scale which not able to reach a multidimensional response.

The use of semantic differential scales in this study aims to determine the respondent's assessment on a series of descriptive scales are bounded on both ends with one of the two polar adjectives. The marking (X) in the blank space that shows the best indication of how accurate one among the adjectives outlining what the object of research for the respondents, ensuring respondents to give a

mark on each scale, and does not eliminate the existing scale. Each item on a scale of semantic differential can be scored on a scale of 1 to 7. Respondents were asked to assess a concept or object in a bipolar scale. Semantic differential scale capability for use in everything to make the popular ranking scale in marketing research semantic differential response consists of three dimensions:

1. **Dimension of evaluation**

   Assessment related to the subject of the merits of the topic presented stimulus. Including therein the subject feeling (happy-angry) or quality assessment (pretty-ugly, coarse-soft) or morally (wise-evil).

2. **Dimension of potency**

   Assessment of the power contained by the stimulus. This includes assessment of the capacity of the stimulus (high-low, big-small, deep-superficial, heavy-light, strong-weak, hard-soft, simple-complex, submissive-assertive, difficult-easy).

3. **Dimension of activity**

   Assessment of the charge contained activities stimulus, for example (fast-slow, quiet-noisy, random-organized, active-passive, excitable-calm, relaxed-tense, dim -bright, quiet-noisy).

E. Population and Sample

1. Population

Population is generalization zone which consist of object or subject with certain characteristics and quantities that already decided by researcher aims to

learned and concluded (Sugiyono, 2008: 80). Hereby the population data for this research.

Table 3.2

Population

Number	Traditional Market's Name	Number of Seller (person)
1	Pasar Besar	3.295
2	Pasar Baru Barat	217
3	Pasar Blimbing	2.074
4	Pasar Tawangmangu	450
5	Pasar Dinoyo	1.02
6	Pasar Klojen	185
7	Pasar Induk Gadang	1.908
8	Pasar Oro-oro Dowo	217
9	Pasar Bunul	293
10	Pasar Kasin	190
11	Pasar Sukun	124
12	Pasar Buku Wilis	60
13	Pasar Madyopuro	505
14	Pasar Mergan	277
15	Pasar Gadang	135
16	Pasar Bunga	64
17	Pasar Burung	167
18	Pasar Sawojajar	149
19	Pasar Kebalen	843
20	Pasar Baru Timur	151
21	Pasar Embong Brantas	107
22	Pasar Kota Lama	98
23	Pasar Lesanpuro	102

24	Pasar Kedung Kandang	498
25	Pasar Bareng	136
26	Pasar Nusakambangan	67
27	Pasar Talun	68
28	Pasar Temboro	0
29	Pasar Hewan Blimbing	0
30	Pasar Hewan Sukun	0
	Total	13.400

Source: Traditional Market Bureau, 2011 (Appendix)

According to the table 3.2 above, Traditional Market Bureau of Malang local government listed there are 30 traditional markets. The fit number of population in this research is 13.400. The population of this research is traditional market in Malang City which classified by its number of seller.

2. Sample

Sample is a part of the population (Sugiyono, 2008: 81), while Arikunto (2010: 174) assert that sample is the representation of population. The calculation of population in this research use Yamane formula based on Rakhmad (2002: 82) as follows:

$$n = \frac{\mathrm{N}}{\mathrm{N}.\,\mathrm{d}^2 + 1}$$

$$n = \frac{13.400}{13.400\,.\;0{,}1^2\;+\;1}$$

$$n = 99{,}25 = 99 \text{ respondents}$$

With annotation:
n = number of sample
N = number of population
d^2 = decided precision (10%)

Based on calculation above, already settled that number of sample in this research is 99 respondents. In order to determine the sample, thus lottery method is examined. Then sampling technique determined by stratified random sampling by divide population elements into some groups called as strata. The more stratified random sampling has hetero characteristics, the bigger difference appears between the population elements (Mantra and Kasto on Singarimbun and Effendi, 2006: 162). Through proportional calculation, the stratified random sampling drawn as follows:

Table 3.3

The Stratified Random Sampling

Classification	Availability (unit)	Selection (unit)	The Selected Traditional Market	Micro (unit)	Small (unit)	Medium (unit)	Total Sample (person)
> 1.000 Sellers	4	2	1. Besar	23	14	7	44
			2. Blimbing	15	10	2	27
200 - 1.000 Sellers	8	3	1. Kebalen	6	3	1	10
			2. Tawangmangu	4	1	1	6
			3. Bunul	3	1	-	4
0 < x < 200 Sellers	15	5	1. Burung	2	-	-	2
			2. Sawojajar	2	-	-	2
			3. Sukun	2	-	-	2
			4. Bunga	-	1	-	1
			5. Wilis	1	-	-	1
Total	**27**	**10**	**10 traditional market**	**58**	**30**	**11**	**99**

Source: Modified by the researcher (2013)

Table 3.3 shows that the strata grouping made according to the number of seller in each traditional market. From ten selected traditional market, the survey dissemination conducted in 58 unit micro enterprises, 30 unit small enterprises, and 11 unit medium enterprises. Hence, totally there are 99 respondents as the fix sample in this research.

F. Data Collection Method

1. Source of Data

There are two types of data use in this research:

a. Primary Data

Primary data is a data which collected directly by researcher from subject of the research or respondent. Primary data in this research obtained from questionnaire dissemination on MSMEs within traditional market at Malang City.

b. Secondary Data

Secondary data is a data from other party and not collected directly from respondent. This data function as complemented document to support the current research. It can be form as note, book, archive, journal, and official publication related with the research topic.

2. Research Instrument

The instrument used in this research is questionnaire. According to Arikunto (2010: 194), questionnaire is a several written questions to obtain information from respondent, mean as personal report or condition they knew.

Well structured questions on questionnaire used as data collection, thus generate accurate feedback from respondents to be proceed.

G. Data Analysis

The data obtained from questionnaire diffusion then proceed and analyzed using the following steps:

1. Descriptive Analysis

Descriptive analysis is a statistic that used to analyze data by describes or depicts the collected data as it originally is without any intention to make a generalization (Sugiyono, 2005: 169). This analysis describes the characteristic of research object which includes the elaboration of research site, the condition of correspondence, also distributed items from each variable. The aim of descriptive analysis is to make a systematic, factual, and actual description or illustration regarding facts, characteristics, and correlations between enquired phenomena.

The data will be collected and proceed into table then available as numbers and percentages with notice the effectiveness of independent variables including the important of external knowledge; perception on the importance of knowledge areas; areas in which insufficient knowledge contributes to costly error or mistakes; knowledge sharing activities; social networks; constraints of inter-organizational knowledge sharing; and effectiveness in leveraging knowledge, thus the inter-organizational knowledge sharing formation could be reflected through the table.

2. Generalized Structured Component Analysis

As its name explicitly suggests, generalized structured component analysis represents a component-based approach to structural equation modeling (Tenenhaus on Hwang *et al.*, 2004). Latent variables are defined as weighted composites or components of observed variables (Tenenhaus on Hwang *et al.*, 2010). Specifically, the formula can be expressed as follows:

$$\gamma_i = W \cdot z_i$$

(Hwang *et al.*, in press)

With annotation:

γ_i = a vector of latent variables for a respondent *i* ($i = 1, \cdots, N$).

z_i = a vector of observed variables for a respondent *i*.

W = is a matrix consisting of component weights assigned to observed variables.

Moreover generalized structured component analysis involves two additional equations for model specifications as follows:

a. The Measurement Model

The measurement or outer model is specifies the relationships between observed and latent variables.

$$z_i = C\gamma_i + \varepsilon_i$$

(Hwang et *al.*, in press)

With annotation:

γ_i = a vector of latent variables for a respondent *i* ($i = 1, \cdots, N$).

z_i = a vector of observed variables for a respondent *i*.

C = a matrix of loadings relating latent variables to observed variables.

ε_i = vector of residuals for z_i.

b. The Structural Model

The structural or inner model is expresses the relationships among latent variables.

$$\gamma_i = B\gamma_i + \xi_i$$

(Hwang *et al.*, in press)

With annotation:
γi = a vector of latent variables for a respondent i (i = 1, ⋯, N).
B = a matrix of path coefficients connecting latent variables among themselves.
ε_i = vector of residuals for γ_i.

The generalized structured component analysis model is derived from a combination of three equations into a single equation. The generalized structured component analysis model may be generally expressed as follows.

$$\Psi = \Gamma A + E$$

(Hwang *et al.*, 2004)

With annotation:
Ψ = an N by T matrix of all endogenous observed and composite variables.
Γ = an N by D matrix of all exogenous observed and composite variables.
A = a D by T supermatrix consisting of a matrix of component loadings relating components to their observed variables.
E = a matrix of residuals.

There are three main output from GSCA program use in the current research called as FIT, AFIT, and NPAR. FIT indicates the total variance of all variables explained by a particular model specification. While AFIT or adjusted FIT is similar to FIT, but takes model complexity into account. NPAR refers to the number of free parameters estimated, including weights, loadings and path coefficients.

CHAPTER IV

ANALYSIS AND DISCUSSION

A. Provision of The Data

1. Profile of The Traditional Market in Malang City

Traditional markets have a very important role in society. As a place for buying and selling, the market allows traders to sell the non-agricultural products and other needed goods to the society. Traditional market provide daily needs for people with a relatively cheap price by way of bargain. Thus the traditional market is one of the economic foundations of society.

By the time passed, traditional market is influence by market conditions, whether physical or environmental conditions. There is a good market with adequate facilities located in a strategic place, but also there is a poor market that only has minimum facilities (Traditional Market Profile, 2011). If the traditional market are not well maintain, dirty, and have inadequate facilities. Obviously it will influence the interest of the people to shop there. As well as will greatly influence the interest of the merchant activity within traditional market. The diversity of traditional market in Malang is also influenced by market size, market location, access to the transportation, and communities.

What underpins the current research is that the seller relationships, whether in the form of frequency of interaction or closeness were notably denser to the inter-organizational knowledge sharing within traditional market. The density of the inter-organizational knowledge sharing was lack of attention to

date, whereas the existence of the traditional market has been decreasing day by day. Likewise, the traditional market actually has the potency to drive the local economic and empower people compared with modern market. By analyze the needs of knowledge sharing within traditional market may reflect the current inter-organizational knowledge sharing activities that is happening today.

2. Respondents Description

The initial questionnaire was pilot tested by twenty five respondents to ensure that the content and wording were free of problems. Based upon their feedback, some amendments were incorporated. After a minor modification was made to the questionnaire, the formal survey was carried out.

This section reports the demographic characteristics of the participants in the survey. A total of 99 respondents from ten traditional markets in many industries in Malang then examined the revised questionnaire. These participants were given the questionnaire and asked to examine it for meaningfulness, relevance, and clarity. The following detail describe the respondent enterprise characteristics, including gender, age, industry type, and enterprise years of establishment.

a. Gender

The profile of the respondent's gender participating in this research is illustrated on the following table. It provides detail information of the respondent's composition between men and women. According to the questionnaire dissemination, hereby the result of respondent's gender data.

Table 4.1

Profile of Respondent's Gender

Number	Gender	Total (person)	Percent (%)
1	Male	48	48
2	Female	51	52
Total		**99**	**100**

Source: Appendix

Table 4.1 shows a profile of the respondent's gender participating in the survey. Of them 52 percent are female and 48 percent are male. It means that the survey distribution seems to be equally distributed to the same quantity for gender equality. Nowadays, women are also plays a vital role in the economic activities.

b. Age

The profile of the respondent's age participating in this research is illustrated on the following table.

Table 4.2

Profile of Respondent's Age

Number	Age	Total (Person)	Percent (%)
1	15 - 24	11	11
2	25 - 34	27	28
3	35 - 44	19	19
4	45 - 54	16	16
5	55 - 64	19	19
6	65 - 74	4	4
7	No answer	3	3
Total		**99**	**100**

Source: Appendix

Table 4.2 above provides a profile of the respondent's age participating in the survey. The largest group of the respondents was between the age of 25 and 34

(28 percent), two groups of 19 percent were between 35 and 44 also 55 and 64, nearly 16 percent for a group between 45 and 54. Following by 11 percent for under 25 years old and only a share of 4 percent was between 65 and 74 years of age. About 3 percent of the respondents were not provides age information.

c. Industry Type

The profile of the respondent's industry type participating in this research is illustrated on the following table.

Table 4.3

Profile of Respondent's Industry Type

Number	Industry Type	Total (Person)	Percent (%)
1	Clothes	26	26
2	Necessities	14	15
3	Foods	9	9
4	Accessories	5	5
5	Fruits	5	5
6	Jewelry	5	5
7	Vegetables	5	5
8	Cookies	4	4
9	Flowers	4	4
10	Electronics	3	3
11	Equipment	3	3
12	Meats	3	3
13	Shoes	3	3
14	Books	2	2
15	CD's	2	2
16	CoMSMEtics	2	2
17	Pets	1	1
18	Games	1	1
19	Tailor	1	1
20	No answer	1	1
Total		**99**	**100**

Source: Appendix

Table 4.3 above provides a profile of the respondent's industry type participating in the survey. About 26 percent of the participants were selling clothes, 15 percent were selling necessities, and 9 percent were selling foods. Then 5 percent had various industry types (e.g. accessories, fruits, jewelry, and vegetables), 4 percent for cookies and flowers, 3 percent had various industry types (e.g. electronics, equipments, meats, and shoes), 2 percent also had various industry types (e.g. books, CD's, and coMSMEtics), and 1 percent had other industry types (e.g. pets, games, and tailor). Nearly 1 percent of the respondents were not provides industry type information.

d. Enterprise Years of Establishment

The profile of the respondent's enterprise years of establishment participating in this research is illustrated on the following table.

Table 4.4

Profile of Respondent's Enterprise Years of Establishment

Number	Enterprise Years of Establishment	Total (Person)	Percent (%)
1.	< 5 years	28	29
2.	5 - 9 years	24	24
3.	10 - 19 years	10	10
4.	20 - 29 years	23	23
5.	30 - 39 years	9	9
6.	> 40 years	2	2
7.	No answer	3	3
Total		**99**	**100**

Source: Appendix

Table 4.4 above provides a profile of the respondent's enterprise years of establishment participating in the survey. The largest group of the respondents is 29 percent who's started working less than 5 years ago. Approximately 24 percent of the respondents had enterprise years of establishment from 5 to 9. Nearly 23 percent had 20 to 29 years of establishment and 10 percent had established ranging from 10 to 19 years. About 9 percent had established ranging from 30 to 39 years, 2 percent have been establishing for over 40 years, while 3 percent of the respondents were not provides information related to this category.

3. Variable Description

This research consist of seven independent variables and one dependent variable, including the importance of knowledge (X1); perception on the importance of knowledge areas (X2); areas in which insufficient knowledge contributes to costly errors or mistakes (X3); knowledge sharing activities (X4); social networks involved (X5); constraints of inter-organizational knowledge sharing (X6); the effectiveness in leveraging knowledge (X7); and the inter-organizational knowledge sharing (Y). Variable description in this section used to explain the frequency distribution of the respondent's response to statements relating to the variables under study. Respondent's feedback toward the questionnaire dissemination was followed up with descriptive analysis. Hereby the results of respondent's feedback refer to the calculated percentage and mode of every single indicator used in this research.

a. The Importance of Knowledge (X1)

Variable of the importance of knowledge consist of two indicators with seven feedback options to answer. Table 4.5 provides a summary of frequency distribution of the responses to the importance of knowledge statements. It reveals the results of respondent's assessment of the importance of knowledge variable (X1) in their respective enterprise.

Table 4.5

Frequency Distribution of The Importance of Knowledge (X1)

Feedback	Indicator			
	A1		A2	
	f	%	f	%
1	1	1	2	2
2	3	3	2	2
3	1	1	7	7,1
4	10	10,1	19	19,2
5	21	21,2	31	31,3
6	20	20,2	38	38,4
7	43	43,3	43	43,4
Mode	7		7	
Feedback Option	1: totally superficial 2: almost superficial 3: nearly superficial 4: neither superficial and deep		5: nearly deep 6: almost deep 7: totally deep	

Source: Appendix

As for the understanding of external knowledge for organizational success indicator (A1) has seven feedback options ranging from superficial to deep. Around 1 respondent (1%) scored the same results for totally superficial and nearly superficial option, 3 respondents (3%) thought that it was almost superficial, 10 respondents (10,1%) thought that it was neither superficial and deep, 21 respondents (21,2%) thought that it was nearly deep, 20 respondents (20,2%) thought that it was almost deep, and 43 respondents (43,3%) thought that

it was totally deep. Based on the responses noted that respondents most likely tend to believed that the understanding of external knowledge for organizational success (A1) in their enterprise was totally deep. It proven by the calculated mode of the indicator is fit to 7.

As for the understanding of internal knowledge for organizational success indicator (A2) has seven feedback options ranging from superficial to deep. Around 2 respondent (2%) scored the same results for totally superficial and nearly superficial option, 7 respondents (7,1%) thought that it was almost superficial, 19 respondents (19,2%) thought that it was neither superficial and deep, 31 respondents (31,3%) thought that it was nearly deep, 38 respondents (38,4%) thought that it was almost deep, and 43 respondents (43,3%) thought that it was totally deep. Based on the responses noted that respondents most likely tend to believed that the understanding of internal knowledge for organizational success (A2) in their enterprise was totally deep. It proven by the calculated mode of the indicator is fit to 7.

b. Perception on The Importance of Knowledge Areas (X2)

Perception on the importance of knowledge areas variable consist of eight indicators with seven feedback options to answer. The following table provides a summary frequency distribution of the responses to perception on the importance of knowledge areas variable statements. Table 4.6 below reveals the results of respondent's assessment of perception on the importance of knowledge areas variable (X2) in their respective enterprise.

Table 4.6

Frequency Distribution of Perception on The Importance of Knowledge Areas (X2)

Feed-back	Indicator															
	B1		B2		B3		B4		B5		B6		B7		B8	
	f	%	f	%	f	%	f	%	f	%	f	%	f	%	f	%
1	-	-	-	-	-	-	-	-	-	-	-	-	1	1	-	-
2	-	-	-	-	-	-	-	-	2	2	6	6,1	-	-	-	-
3	2	2	-	-	2	2	-	-	1	1	2	2	2	2	2	2
4	3	3	3	3	6	6,1	4	4	9	9,1	12	12,1	4	4	5	5,1
5	6	6,1	12	12,1	18	18,2	10	10,1	22	22,2	32	32,3	14	14,1	18	18,2
6	34	34,3	42	42,4	38	38,4	31	31,3	43	43,4	31	31,3	24	24,2	50	50,5
7	54	54,5	42	42,4	35	35,4	54	54,5	22	22,2	16	16,2	54	54,5	24	24,2
Mode	7		6, 7		6		7		6		5		7		6	
Feed-back Option	1: totally minimum 2: almost minimum 3: nearly minimum 4: neither minimum and maximum 5: nearly maximum 6: almost maximum 7: totally maximum		1: totally low 2: almost low 3: nearly low 4: neither low and high 5: nearly high 6: almost high 7: totally high		1: totally low 2: almost low 3: nearly low 4: neither low and high 5: nearly high 6: almost high 7: totally high		1: totally minimum 2: almost minimum 3: nearly minimum 4: neither minimum and maximum 5: nearly maximum 6: almost maximum 7: totally maximum		1: totally a little 2: almost a little 3: nearly a little 4: neither a little and a lot 5: nearly a lot 6: almost a lot 7: totally a lot		1: totally weak 2: almost weak 3: nearly weak 4: neither weak and strong 5: nearly strong 6: almost strong 7: totally strong		1: totally negative 2: almost negative 3: nearly negative 4: neither negative and positive 5: nearly positive 6: almost positive 7: totally positive		1: totally a little 2: almost a little 3: nearly a little 4: neither a little and a lot 5: nearly a lot 6: almost a lot 7: totally a lot	

Source: Appendix

As for customer service indicator (B1) has seven feedback options ranging from minimum to maximum. There is no respondent gave their score for totally minimum and almost minimum option, 2 respondents (2%) thought that it was nearly minimum, 3 respondents (3%) thought that it was neither minimum and maximum, 6 respondents (6%) thought that it was nearly maximum, 34 respondents (43,3%) thought that it was almost maximum, and 54 respondents

(54,5%) thought that it was totally maximum. Based on the responses noted that respondents most likely tend to believed that customer service indicator (B1) in their enterprise was totally maximum. It proven by the calculated mode of the indicator is fit to 6.

As for own product / service indicator (B2) has seven feedback options ranging from low to high. There is no respondent gave their score for totally low, almost low, and nearly low option, 3 respondents (3%) thought that it was neither low and high, 12 respondents (12,1%) thought that it was nearly high, 42 respondents (42,4%) gave the same score for almost high and totally high option. Based on the responses noted that respondents most likely tend to believed that own product / service indicator (B2) in their enterprise was almost high and totally high. It proven by the calculated mode of the indicator is fit to 6 and 7.

As for own competencies and capabilities indicator (B3) has seven feedback options ranging from low to high. There is no respondent gave their score for totally low and almost low option, 2 respondents (2%) thought that it was nearly low, 6 respondents (6,1%) thought that it was neither low and high, 18 respondents (18%) thought that it was nearly high, 38 respondents (38,4%) thought that it was almost high, and 35 respondents (35,4%) thought that it was totally high. Based on the responses noted that respondents most likely tend to believed that own competencies and capabilities indicator (B3) in their enterprise was almost high. It proven by the calculated mode of the indicator is fit to 6.

As for individual performance indicator (B4) has seven feedback options ranging from minimum to maximum. There is no respondent gave their score for

totally minimum, almost minimum, and nearly minimum option, 4 respondents (4%) thought that it was neither minimum and maximum, 10 respondents (10,1%) thought that it was nearly maximum, 31 respondents (31,3%) thought that it was almost maximum, and 54 respondents (54,5%) thought that it was totally maximum. Based on the responses noted that respondents most likely tend to believed that individual performance indicator (B4) in their enterprise was totally maximum. It proven by the calculated mode of the indicator is fit to 7.

As for emerging market trend indicator (B5) has seven feedback options ranging from a little to a lot. There is no respondent gave their score for totally a little, 2 respondents (2%) thought that it was almost a little, 1 respondent (1%) thought that it was nearly a little, 9 respondents (9,1%) thought that it was neither a little and a lot, 22 respondents (22,2%) thought that it was nearly a lot, 43 respondents (43,4%) thought that it was almost a lot, and 22 respondents (22,2%) thought that it was totally a lot. Based on the responses noted that respondents most likely tend to believed that emerging market trend indicator (B5) in their enterprise was almost a lot. It proven by the calculated mode of the indicator is fit to 6.

As for competitors indicator (B6) has seven feedback options ranging from weak to strong. There is no respondent gave their score for totally weak option, 6 respondents (6,1%) thought that it was almost weak, 2 respondent (2%) thought that it was nearly weak, 12 respondents (12,1%) thought that it was neither weak and strong, 32 respondents (32,3%) thought that it was nearly strong, 31 respondents (31,3%) thought that it was almost strong, and 16 respondents

(16,2%) thought that it was totally strong. Based on the responses noted that respondents most likely tend to believed that competitors indicator (B6) in their enterprise was nearly strong. It proven by the calculated mode of the indicator is fit to 5.

As for the relationship with suppliers indicator (B7) has seven feedback options ranging from negative to positive. 1 respondent (1%) thought that it was totally negative, no respondent thought that it was almost negative, 2 respondent (2%) thought that it was nearly negative, 4 respondents (4%) thought that it was neither negative and positive, 14 respondents (14,1%) thought that it was nearly positive, 24 respondents (24,2%) thought that it was almost positive, and 54 respondents (54,5%) thought that it was totally positive. Based on the responses noted that respondents most likely tend to believed that the relationship with suppliers indicator (B7) in their enterprise was totally positive. It proven by the calculated mode of the indicator is fit to 7.

As for the internal processes indicator (B8) has seven feedback options ranging from a little to a lot. There is no respondent gave their score for totally a little and almost a little option, 2 respondent (2%) thought that it was nearly a little, 5 respondents (5,1%) thought that it was neither a little and a lot, 18 respondents (18,2%) thought that it was nearly a lot, 50 respondents (50,5%) thought that it was almost a lot, and 24 respondents (24,2%) thought that it was totally a lot. Based on the responses noted that respondents most likely tend to believed that the internal processes knowledge indicator (B8) in their enterprise was almost a lot. It proven by the calculated mode of the indicator is fit to 6.

c. Areas in Which Insufficient Knowledge Contributes to Costly Errors or Mistakes (X3)

Areas in which insufficient knowledge contributes to costly errors or mistakes variable consist of four indicators with seven feedback options to answer. The following table provides a summary frequency distribution of the responses to areas in which insufficient knowledge contributes to costly errors or mistakes variable statements. Table 4.7 below reveals the results of respondent's assessment of areas in which insufficient knowledge contributes to costly errors or mistakes variable (X3) in their respective enterprise.

Table 4.7

Frequency Distribution of Areas in Which Insufficient Knowledge Contributes to Costly Errors or Mistakes (X3)

Feedback	Indicator							
	C1		C2		C3		C4	
	f	%	f	%	f	%	f	%
1	38	38,4	46	47	29	29,3	53	53,5
2	9	9,1	8	8,1	12	12,1	9	9,1
3	4	4	5	5,1	4	4	3	3
4	9	9,1	9	9,1	6	6,1	6	6,1
5	15	15,2	13	13,1	10	10,1	11	11,1
6	14	14,1	11	11,1	25	25,3	9	9,1
7	10	10,1	7	7,1	13	13,1	8	8,1
Mode	1		1		1		1	
Feedback Option	1: totally superficial 2: almost superficial 3: nearly superficial 4: neither superficial and deep 5: nearly deep 6: almost deep 7: totally deep		1: totally low 2: almost low 3: nearly low 4: neither low and high 5: nearly high 6: almost high 7: totally high		1: totally static 2: almost static 3: nearly static 4: neither static and dynamic 5: nearly dynamic 6: almost dynamic 7: totally dynamic		1: totally negative 2: almost negative 3: nearly negative 4: neither negative and positive 5: nearly positive 6: almost positive 7: totally positive	

Source: Appendix

As for the customer relationship indicator (C1) has seven feedback options ranging from superficial to deep. Around 38 respondents (38,4%) thought that it was totally superficial, 9 respondents (9,1%) scored the same results for almost superficial and neither superficial and deep, 4 respondents (4%) thought that it was nearly superficial, 15 respondents (15,2%) thought that it was nearly deep, 14 respondents (14,1%) thought that it was almost deep, and 10 respondents (10,1%) thought that it was totally deep. Based on the responses noted that respondents most likely tend to believed that the customer relationship indicator which contributes to costly errors or mistakes (C1) in their enterprise was totally superficial. It proven by the calculated mode of the indicator is fit to 1.

As for the competitors indicator (C2) has seven feedback options ranging from low to high. 46 respondents (47%) thought that it was totally low, 8 respondents (8,1%) thought that it was almost low, 5 respondents (5,1%) thought that it was nearly superficial, 9 respondents (9,1%) thought that it was neither low and high, 13 respondents (13,1%) thought that it was nearly high, 11 respondents (11,1%) thought that it was almost high, and 7 respondents (7,1%) thought that it was totally high. Based on the responses noted that respondents most likely tend to believed that the competitors indicator which contributes to costly errors or mistakes (C2) in their enterprise was totally low. It proven by the calculated mode of the indicator is fit to 1.

As for the emerging market trend indicator (C3) has seven feedback options ranging from static to dynamic. 29 respondents (29,3%) thought that it was totally static, 12 respondents (12,1%) thought that it was almost static, 4

respondents (4%) thought that it was nearly static, 6 respondents (6,1%) thought that it was neither static and dynamic, 10 respondents (10,1%) thought that it was nearly dynamic, 25 respondents (25,3%) thought that it was almost dynamic, and 13 respondents (13,1%) thought that it was totally dynamic. Based on the responses noted that respondents most likely tend to believed that the emerging market trend indicator which contributes to costly errors or mistakes (C3) in their enterprise was totally static. It proven by the calculated mode of the indicator is fit to 1.

As for the suppliers relationship indicator (C4) has seven feedback options ranging from negative to positive. 53 respondents (53,5%) thought that it was totally negative, 9 respondents (9,1%) thought that it was almost negative, 3 respondents (3%) thought that it was nearly negative, 6 respondents (6,1%) thought that it was neither negative and positive, 11 respondents (11,1%) thought that it was nearly positive, 9 respondents (9,1%) thought that it was almost positive, and 8 respondents (8,1%) thought that it was totally positive. Based on the responses noted that respondents most likely tend to believed that the suppliers relationship indicator which contributes to costly errors or mistakes (C4) in their enterprise was totally negative. It proven by the calculated mode of the indicator is fit to 1.

d. Knowledge Sharing Activities (X4)

Knowledge sharing activities variable consist of six indicators with seven feedback options to answer. The following table provides a summary frequency distribution of the responses to knowledge sharing activities variable statements.

Table 4.8 below reveals the results of respondent's assessment of knowledge sharing activities variable (X4) in their respective enterprise.

Table 4.8

Frequency Distribution of Knowledge Sharing Activities (X4)

Feedback	Indicator											
	D1		D2		D3		D4		D5		D6	
	f	%	f	%	f	%	f	%	f	%	f	%
1	7	7,1	8	8,1	84	84,8	81	81,8	87	87,9	41	41,4
2	1	1	4	4	1	1	2	2	5	5,1	4	4
3	6	6,1	9	9,1	5	5,1	2	2	1	1	4	4
4	11	11,1	10	10,1	2	2	4	4	2	2	8	8,1
5	22	22,2	14	14,1	1	1	4	4	1	1	17	17,2
6	32	32,3	33	33,3	5	5,1	4	4	2	2	15	15,2
7	20	20,2	21	21,2	1	1	2	2	1	1	10	10,1
Mode	6		6		1		1		1		1	
Feedback Option	1: totally passive 2: almost passive 3: nearly passive 4: neither passive and active 5: nearly active 6: almost active 7: totally active								1: totally low 2: almost low 3: nearly low 4: neither low and high 5: nearly high 6: almost high 7: totally high		1: totally slow 2: almost slow 3: nearly slow 4: neither slow and fast 5: nearly fast 6: almost fast 7: totally fast	

Source: Appendix

As for the use information from customers, suppliers, or others indicator (D1) has seven feedback options ranging from passive to active. 7 respondents (7,1%) thought that it was totally passive, 1 respondents (1%) thought that it was almost passive, 6 respondents (6,1%) thought that it was nearly passive, 11 respondents (11,1%) thought that it was neither passive and active, 22 respondents (22,2%) thought that it was nearly active, 32 respondents (32,3%) thought that it was almost active, and 20 respondents (20,2%) thought that it was totally active. Based on the responses noted that respondents most likely tend to believed that the use information from customers, suppliers, or others indicator (D1) in their

enterprise was almost active. It proven by the calculated mode of the indicator is fit to 6.

As for the strategy establishment to obtain information from customers, suppliers, or others indicator (D2) has seven feedback options ranging from passive to active. 8 respondents (8,1%) thought that it was totally passive, 4 respondents (4%) thought that it was almost passive, 9 respondents (9,1%) thought that it was nearly passive, 10 respondents (10,1%) thought that it was neither passive and active, 14 respondents (14,1%) thought that it was nearly active, 33 respondents (33,3%) thought that it was almost active, and 21 respondents (21,2%) thought that it was totally active. Based on the responses noted that respondents most likely tend to believed that the strategy establishment to obtain information from customers, suppliers, or others indicator (D2) in their enterprise was almost active. It proven by the calculated mode of the indicator is fit to 6.

As for hire know-how from advisors or consultant indicator (D3) has seven feedback options ranging from passive to active. 84 respondents (84,8%) thought that it was totally passive, 1 respondents (1%) thought that it was almost passive, 5 respondents (5,1%) thought that it was nearly passive, 2 respondents (2%) thought that it was neither passive and active, 1 respondents (1%) thought that it was nearly active, 5 respondents (5,1%) thought that it was almost active, and 1 respondents (1%) thought that it was totally active. Based on the responses noted that respondents most likely tend to believed that hire know-how from

advisors or consultant indicator (D3) in their enterprise was totally passive. It proven by the calculated mode of the indicator is fit to 1.

As for join in seminar and training indicator (D4) has seven feedback options ranging from passive to active. 81 respondents (81,8%) thought that it was totally passive, 2 respondents (2%) gave the same answer for almost passive, nearly passive, and totally passive option, 4 respondents (4%) also gave the same response for it was neither passive and active, nearly active, and almost active option. Based on the responses noted that respondents most likely tend to believed that join in seminar and training indicator (D4) in their enterprise was totally passive. It proven by the calculated mode of the indicator is fit to 1.

As for conduct research development indicator (D5) has seven feedback options ranging from low to high. 87 respondents (87,9%) thought that it was totally low, 5 respondents (5,1%) thought that it was almost low, 1 respondent (1%) thought that it was nearly low, 2 respondents (2%) thought that it was neither low and high, 1 respondent (1%) thought that it was nearly high, 2 respondents (2%) thought that it was almost high, and 1 respondents (1%) thought that it was totally high. Based on the responses noted that respondents most likely tend to believed that conduct research development indicator (D5) in their enterprise was totally low. It proven by the calculated mode of the indicator is fit to 1.

As for learning through customer-supplier partnership indicator (D6) has seven feedback options ranging from slow to fast. 41 respondents (41,4%) thought that it was totally slow, 4 respondents (4%) gave the same answer for almost slow

and nearly slow option, 8 respondents (8,1%) thought that it was neither slow and fast, 17 respondents (17,2%) thought that it was nearly fast, 15 respondents (15,2%) thought that it was almost fast, and 10 respondents (10,1%) thought that it was totally fast. Based on the responses noted that respondents most likely tend to believed that learning through customer-supplier partnership indicator (D6) in their enterprise was totally slow. It proven by the calculated mode of the indicator is fit to 1.

e. Social Networks Involved (X5)

Social networks involved variable consist of two indicators with seven feedback options to answer. The following table provides a summary frequency distribution of the responses to social networks involved variable statements.

Table 4.9

Frequency Distribution of Social Networks Involved (X5)

Feedback	Indicator			
	E1		E2	
	f	%	f	%
1	77	77,8	17	17,2
2	4	4	9	9,1
3	2	2	9	9,1
4	1	1	12	12,1
5	7	7,1	21	21,2
6	5	5,1	14	14,1
7	3	3	17	17,2
Mode	1		5	
Feedback Option	1: totally passive 2: almost passive 3: nearly passive 4: neither passive and active 5: nearly active 6: almost active 7: totally active		1: totally bad 2: almost bad 3: nearly bad 4: neither bad and good 5: nearly good 6: almost good 7: totally good	

Source: Appendix

Table 4.9 above reveals the results of respondent's assessment of social networks involved variable (X5) in their respective enterprise. As for the social networks via internet that has joined nurtured well indicator (E1) has seven feedback options ranging from passive to active. 77 respondents (77,8%) thought that it was totally passive, 4 respondents (4%) thought that it was almost passive, 2 respondents (2%) thought that it was nearly passive, 1 respondents (1%) thought that it was neither passive and active, 7 respondents (7%) thought that it was nearly active, 5 respondents (5,1%) thought that it was almost active, and 3 respondents (3%) thought that it was totally active. Based on the responses noted that respondents most likely tend to believed that the social networks via internet that has joined nurtured well indicator (E1) in their enterprise was totally passive. It proven by the calculated mode of the indicator is fit to 1.

As for the social interaction networks that has joined nurtured well indicator (E2) has seven feedback options ranging from bad to good. 17 respondents (17,2%) thought that it was totally bad, 9 respondents (9,1%) gave the same answer for almost bad and nearly bad, 12 respondents (12,1%) thought that it was neither bad and good, 21 respondents (21,2%) thought that it was nearly good, 14 respondents (14,1%) thought that it was almost good, and 17 respondents (17,2%) thought that it was totally good. Based on the responses noted that respondents most likely tend to believed that the social interaction networks that has joined nurtured well indicator (E2) in their enterprise was nearly good. It proven by the calculated mode of the indicator is fit to 5.

f. Constraints of Inter-Organizational Knowledge Sharing (X6)

Constraints of inter-organizational knowledge sharing variable consist of six indicators with seven feedback options to answer. The following table provides a summary frequency distribution of the responses to constraints of inter-organizational knowledge sharing variable statements. Table 4.10 below reveals the results of respondent's assessment of the responses to constraints of inter-organizational knowledge sharing variable (X6) in their respective enterprise.

Table 4.10

Frequency Distribution of Constraints

of Inter-Organizational Knowledge Sharing (X6)

Feedback	Indicator											
	F1		F2		F3		F4		F5		F6	
	f	%	f	%	f	%	f	%	f	%	f	%
1	1	1	1	1	31	31,3	2	2	62	62,6	6	6,1
2	3	3	8	8,1	15	15,2	15	15,2	13	13,1	14	14,1
3	1	1	11	11,1	13	13,1	22	22,2	6	6,1	17	17,2
4	10	10,1	22	22,2	14	14,1	14	14,1	4	4	15	15,2
5	30	30,3	19	19,2	13	13,1	15	15,2	5	5,1	25	25,3
6	39	39,4	24	24,2	7	7,1	19	19,2	6	6,1	14	14,1
7	15	15,2	14	14,1	6	6,1	12	12,1	3	3	8	8,1
Mode	6		6		1		3		1		5	
Feedback Option	1: totally slow 2: almost slow 3: nearly slow 4: neither slow and fast 5: nearly fast 6: almost fast 7: totally fast		1: totally low 2: almost low 3: nearly low 4: neither low and high 5: nearly high 6: almost high 7: totally high		1: totally weak 2: almost weak 3: nearly weak 4: neither weak and strong 5: nearly strong 6: almost strong 7: totally strong		1: totally low 2: almost low 3: nearly low 4: neither low and high 5: nearly high 6: almost high 7: totally high		1: totally low 2: almost low 3: nearly low 4: neither low and high 5: nearly high 6: almost high 7: totally high		1: totally a little 2: almost a little 3: nearly a little 4: neither a little and a lot 5: nearly a lot 6: almost a lot 7: totally a lot	

Source: Appendix

As for the emphasis on individual capability indicator (F1) has seven feedback options ranging from slow to fast. 1 respondent (1%) gave the same answer for totally slow and nearly slow option, 3 respondents (3%) thought that it was almost slow, 10 respondents (10,1%) thought that it was neither slow and fast, 30 respondents (30,3%) thought that it was nearly fast, 39 respondents (39,4%) thought that it was almost fast, and 15 respondents (15,2%) thought that it was totally fast. Based on the responses noted that respondents most likely tend to believed that the emphasis on individual capability indicator (F1) in their enterprise was almost fast. It proven by the calculated mode of the indicator is fit to 6.

As for the commitment indicator (F2) has seven feedback options ranging from low to high. 1 respondent (1%) thought that it was totally low, 8 respondents (8,1%) thought that it was almost low, 11 respondents (11,1%) thought that it was nearly low, 22 respondents (22,2%) thought that it was neither low and high, 19 respondents (19,2%) thought that it was nearly high, 24 respondents (24,2%) thought that it was almost high, and 14 respondents (14,1%) thought that it was totally high. Based on the responses noted that respondents most likely tend to believed that the commitment indicator (F2) in their enterprise was almost high. It proven by the calculated mode of the indicator is fit to 6.

As for the anxiety of loss indicator (F3) has seven feedback options ranging from weak to strong. 31 respondent (31,3%) thought that it was totally weak, 15 respondents (15,2%) thought that it was almost weak, 13 respondent (13,1%) thought that it was nearly weak, 14 respondents (14,1%) thought that it

was neither weak and strong, 15 respondents (15,2%) thought that it was nearly strong, 19 respondents (19,2%) thought that it was almost strong, and 12 respondents (12,1%) thought that it was totally strong. Based on the responses noted that respondents most likely tend to believed that the anxiety of loss indicator (F3) in their enterprise was totally low. It proven by the calculated mode of the indicator is fit to 1.

As for the culture indicator (F4) has seven feedback options ranging from low to high. 2 respondents (2%) thought that it was totally low, 15 respondents (15,2%) thought that it was almost low, 22 respondents (22,2%) thought that it was nearly low, 14 respondents (14,1%) thought that it was neither low and high, 15 respondents (15,2%) thought that it was nearly high, 19 respondents (19,2%) thought that it was almost high, and 12 respondents (12,1%) thought that it was totally high. Based on the responses noted that respondents most likely tend to believed that the culture indicator (F4) in their enterprise was nearly low. It proven by the calculated mode of the indicator is fit to 3.

As for the IT support indicator (F5) has seven feedback options ranging from low to high. 62 respondent (62,6%) thought that it was totally low, 13 respondents (13,1%) thought that it was almost low, 6 respondent (6,1%) thought that it was nearly low, 4 respondents (4%) thought that it was neither low and high, 5 respondents (5,1%) thought that it was nearly high, 6 respondents (6,1%) thought that it was almost high, and 3 respondents (3%) thought that it was totally high. Based on the responses noted that respondents most likely tend to believed

that the IT support indicator (F5) in their enterprise was totally low. It proven by the calculated mode of the indicator is fit to 1.

As for the time availability indicator (F6) has seven feedback options ranging from a little to a lot. 6 respondents (6,1%) thought that it was totally a little, 14 respondents (14,1%) thought that it was almost a little, 17 respondent (17,2%) thought that it was nearly a little, 15 respondents (15,2%) thought that it was neither a little and a lot, 25 respondents (25,3%) thought that it was nearly a lot, 14 respondents (14,1%) thought that it was almost a lot, and 8 respondents (8,1%) thought that it was totally a lot. Based on the responses noted that respondents most likely tend to believed that the time availability indicator (F6) in their enterprise was nearly a lot. It proven by the calculated mode of the indicator is fit to 5.

g. The Effectiveness in Leveraging Knowledge (X7)

The effectiveness in leveraging knowledge variable consists of two indicators with seven feedback options to answer. The first indicator refers to the effectiveness in leveraging knowledge for external knowledge and the second indicator refers to the internal knowledge. The following table provides a summary frequency distribution of the responses to the effectiveness in leveraging knowledge variable statements. Table 4.11 below reveals the results of respondent's assessment of the responses to the effectiveness in leveraging knowledge variable (X7) in their respective enterprise.

Table 4.11

Frequency Distribution of The Effectiveness in Leveraging Knowledge (X7)

Feedback	Indicator			
	G1		G2	
	f	%	f	%
1	8	8,1	-	-
2	10	10,1	1	1
3	18	18,2	3	3
4	13	13,1	13	13,1
5	21	21,2	14	14,1
6	24	24,2	35	35,4
7	5	5,1	33	33,3
Mode	6		6	
Feedback Option	1: totally weak 2: almost weak 3: nearly weak 4: neither weak and strong 5: nearly strong 6: almost strong 7: totally strong			

Source: Appendix

As for the organization's effectiveness in using the acquired external knowledge indicator (G1) has seven feedback options ranging from weak to strong. 8 respondents (8,1%) thought that it was totally weak, 10 respondents (10,1%) thought that it was almost weak, 18 respondents (18,2%) thought that it was nearly weak, 13 respondents (13,1%) thought that it was neither weak and strong, 21 respondents (21,2%) thought that it was nearly strong, 24 respondents (24,2%) thought that it was almost strong, and 5 respondents (5,1%) thought that it was totally strong. Based on the responses noted that respondents most likely tend to believed that the organization's effectiveness in using the acquired external knowledge indicator (G1) in their enterprise was almost strong. It proven by the calculated mode of the indicator is fit to 6.

As for the organization's effectiveness in using the acquired internal knowledge indicator (G2) has seven feedback options ranging from weak to strong. 0 respondent thought that it was totally weak, 1 respondent (1%) thought that it was almost weak, 3 respondents (3%) thought that it was nearly weak, 13 respondents (13,1%) thought that it was neither weak and strong, 14 respondents (14,1%) thought that it was nearly strong, 35 respondents (35,4%) thought that it was almost strong, and 33 respondents (33,3%) thought that it was totally strong. Based on the responses noted that respondents most likely tend to believed that the organization's effectiveness in using the acquired internal knowledge indicator (G2) in their enterprise was almost strong. It proven by the calculated mode of the indicator is fit to 6.

h. Inter-Organizational Knowledge Sharing (Y)

The inter-organizational knowledge sharing variable consist of two indicators with seven feedback options to answer. The first indicator refers to the willingness to conduct inter-organizational knowledge sharing among micro, small, and medium enterprises within traditional market. The second indicator refers to the intensity to conduct knowledge sharing among micro, small, and medium enterprises within traditional market. The following table provides a summary frequency distribution of the responses to the inter-organizational knowledge sharing variable statements. Table 4.12 below reveals the results of respondent's assessment of the responses to the inter-organizational knowledge sharing variable (Y) in their respective enterprise.

Table 4.12

Frequency Distribution of The Inter-organizational Knowledge Sharing (Y)

Feedback	Indicator			
	H1		H2	
	f	%	f	%
1	2	2	3	3
2	8	8,1	16	16,2
3	14	14,1	23	23,2
4	14	14,1	11	11,1
5	25	25,3	15	15,2
6	23	23,2	24	24,2
7	13	13,1	7	7,1
Mode	5		6	
Feedback Option	1: totally low 2: almost low 3: nearly low 4: neither low and high 5: nearly high 6: almost high 7: totally high			

Source: Appendix

As for the willingness to do knowledge sharing indicator (H1) has seven feedback options ranging from low to high. 2 respondents (2%) thought that it was totally low, 8 respondents (8,1%) thought that it was almost low, 14 respondent (14,1%) gave the same answer for nearly low and neither low and high option, 25 respondents (25,3%) thought that it was nearly high, 23 respondents (23,2%) thought that it was almost high, and 13 respondents (13,1%) thought that it was totally high. Based on the responses noted that respondents most likely tend to believed that the willingness to do knowledge sharing indicator (H1) in their enterprise was nearly high. It proven by the calculated mode of the indicator is fit to 5.

As for the intensity to do knowledge sharing indicator (H2) has seven feedback options ranging from low to high. 3 respondents (3%) thought that it

was totally low, 16 respondents (16,2%) thought that it was almost low, 23 respondent (23,2%) thought that it was nearly low, 11 respondents (11,1%) thought that it was neither low and high, 15 respondents (15,2%) thought that it was nearly high, 24 respondents (24%) thought that it was almost high, and 7 respondents (7%) thought that it was totally high. Based on the responses noted that respondents most likely tend to believed that the intensity to do knowledge sharing indicator (H2) in their enterprise was almost high. It proven by the calculated mode of the indicator is fit to 6.

B. Construct Measurement

According to the GSCA program, obtained inferential result of construct measurement refer to the variable reliability which described on the following table. There are seven independent variables and one dependent variable in this research which have some indicators in each of it. The measurement of construct is needed in order to know the significance of every component.

FIT indicates the total variance of all variables explained by a particular model specification. The values of FIT range from 0 to 1. The larger this value, the more variance in the variables is accounted by the specified model (Hwang, 2011). While AFIT or adjusted FIT is similar to FIT, but takes model complexity into account. The AFIT may be used for model comparison. The model with the largest AFIT value may be chosen among competing models (Hwang, 2011). NPAR refers to the number of free parameters estimated, including weights, loadings and path coefficients. Weight is composite of observed variables, while loading is specified components affect on the observed variables, and path

coefficients comprise all observed variables that regarded as reflective indicators influenced by their components (Hwang and Takane, 2004). In other word, NPAR is reflective or formative indicator simply formed by observed variables. The bootstrapped standard errors or confidence intervals can be used to assess the reliability of the parameter estimates (Hwang and Takane, 2004). Hereby the result of construct measurement after analyzed with GSCA program.

1. **The Importance of Knowledge (X1)**

The construct measurement result of the importance of knowledge variable can be illustrated on the following table.

Table 4.13

Model Fit of The Importance of Knowledge Variable (X1)

Model Fit	
FIT	0.600
AFIT	0.583
NPAR	8

Source: Appendix

According to the table 4.13 above, homogeneity that can be explained by FIT value on the model of variable X1 is 60 percent and the rest (40%) explained by other variables. It means that the constructs are excellent because able to explain about 60% of the data homogeneity. While homogeneity that can be explained by AFIT value is 58,3 percent and the rest (42,7%) explained by other variables. Free parameters estimated explained by NPAR value is fit to 8. It means that the reflective indicators simply formed by observed variables, which are associated with two indicators involved in this model is relevant.

Table 4.14

Construct Measurement of The Importance of Knowledge Variable (X1)

Measurement Model			
	Estimate	**SE**	**CR**
A1->X1	0.449	0.008	55.67*
A2->X1	0.659	0.012	55.67*

CR* = significant at .05 level

Source: Appendix

Table 4.14 above shows the estimates of path coefficients, bootstrap standard errors (SE), and critical ratios (CR). The CR is used for testing the significance of an estimate. The CR value of A1 and A2 is 55,67 toward variable X1, it means that both indicators are significant and reliable.

2. Perception on The Importance of Knowledge Areas (X2)

The construct measurement result of perception on the importance knowledge areas variable can be illustrated on the following table.

Table 4.15

Model Fit of Perception on The Importance

of Knowledge Area Variable (X2)

Model Fit	
FIT	0.529
AFIT	0.504
NPAR	40

Source: Appendix

According to the table 4.15 above, homogeneity that can be explained by FIT value on the model of variable X2 is 52,9 percent and the rest (47,1%) explained by other variables. It means that the constructs are nearly excellent

because able to explain more than 50% of the data homogeneity. While homogeneity that can be explained by AFIT value is 50,4 percent and the rest (49,6%) explained by other variables. Free parameters estimated explained by NPAR value is fit to 40. It means that the reflective indicators simply formed by observed variables, which are associated with eight indicators involved in this model is relevant.

Table 4.16

Construct Measurement of Perception on The Importance of Knowledge Area Variable (X2)

Measurement Model			
	Estimate	**SE**	**CR**
B1->X2	0.251	0.011	22.63*
B2->X2	0.066	0.003	22.63*
B3->X2	-0.358	0.016	22.63*
B4->X2	0.165	0.007	22.63*
B5->X2	0.019	0.001	22.63*
B6->X2	0.062	0.003	22.63*
B7->X2	0.309	0.014	22.63*
B8->X2	-0.244	0.011	22.63*

CR* = significant at .05 level

Source: Appendix

Table 4.16 above shows the estimates of path coefficients, bootstrap standard errors (SE), and critical ratios (CR). The CR is used for testing the significance of an estimate. The CR value of all of the indicators is 22,63 toward variable X2, it means that those indicators are significant and reliable.

3. Areas in Which Insufficient Knowledge Contributes to Costly Errors or Mistakes (X3)

The construct measurement result of areas in which insufficient knowledge contributes to costly errors or mistakes variable can be illustrated on the following table.

Table 4.17

Model Fit of Areas in Which Insufficient Knowledge Contributes to Costly Errors or Mistakes Variable (X3)

Model Fit	
FIT	0.556
AFIT	0.537
NPAR	16

Source: Appendix

According to the table 4.17 above, homogeneity that can be explained by FIT value on the model of variable X3 is 55,6 percent and the rest (44,4%) explained by other variables. It means that the constructs are nearly excellent because able to explain more than 50% of the data homogeneity. While homogeneity that can be explained by AFIT value is 53,7 percent and the rest (46,3%) explained by other variables. Free parameters estimated explained by NPAR value is fit to 16. It means that the reflective indicators simply formed by observed variables, which are associated with four indicators involved in this model is relevant.

Table 4.18

Construct Measurement of Areas in Which Insufficient Knowledge Contributes to Costly Errors or Mistakes Variable (X3)

Measurement Model			
	Estimate	**SE**	**CR**
C1->X3	0.379	0.015	24.88*
C2->X3	0.229	0.009	24.88*
C3->X3	0.347	0.014	24.88*
C4->X3	0.410	0.016	24.88*

CR* = significant at .05 level

Source: Appendix

Table 4.18 above shows the estimates of path coefficients, bootstrap standard errors (SE), and critical ratios (CR). The CR is used for testing the significance of an estimate. The CR value of all of the indicators is 24,88 toward variable X3, it means that those indicators are significant and reliable.

4. Knowledge Sharing Activities (X4)

The construct measurement result of knowledge sharing activities variable can be illustrated on the following table.

Table 4.19

Model Fit of Knowledge Sharing Activities Variable (X4)

Model Fit	
FIT	0.538
AFIT	0.519
NPAR	24

Source: Appendix

According to the table 4.19 above, homogeneity that can be explained by FIT value on the model of variable X4 is 53,8 percent and the rest (46,2%) explained by other variables. It means that the constructs are nearly excellent because able to explain more than 50% of the data homogeneity. While homogeneity that can be explained by AFIT value is 51,9 percent and the rest (48,1%) explained by other variables. Free parameters estimated explained by NPAR value is fit to 24. It means that the reflective indicators simply formed by observed variables, which are associated with six indicators involved in this model is relevant.

Table 4.20

Construct Measurement of Knowledge Sharing Activities Variable (X4)

Measurement Model			
	Estimate	**SE**	**CR**
D1->X4	0.230	0.010	22.63*
D2->X4	0.266	0.012	22.63*
D3->X4	0.175	0.008	22.63*
D4->X4	0.141	0.006	22.63*
D5->X4	0.343	0.015	22.63*
D6->X4	0.293	0.013	22.63*

CR* = significant at .05 level

Source: Appendix

Table 4.20 above shows the estimates of path coefficients, bootstrap standard errors (SE), and critical ratios (CR). The CR is used for testing the significance of an estimate. The CR value of all of the indicators is 22,63 toward variable X4, it means that those indicators are significant and reliable.

5. Social Networks Involved (X5)

The construct measurement result of social networks involved variable can be illustrated on the following table.

Table 4.21

Model Fit of Social Networks Involved Variable (X5)

Model Fit	
FIT	0.600
AFIT	0.583
NPAR	8

Source: Appendix

According to the table 4.21 above, homogeneity that can be explained by FIT value on the model of variable X5 is 60 percent and the rest (40%) explained by other variables. It means that the constructs are excellent because able to explain about 60% of the data homogeneity. While homogeneity that can be explained by AFIT value is 58,3 percent and the rest (41,7%) explained by other variables. Free parameters estimated explained by NPAR value is fit to 8. It means that the reflective indicators simply formed by observed variables, which are associated with two indicators involved in this model is relevant.

Table 4.22

Construct Measurement of Social Networks Involved Variable (X5)

Measurement Model			
	Estimate	**SE**	**CR**
E1->X5	0.690	0.019	36.72*
E2->X5	0.496	0.014	36.72*

CR* = significant at .05 level

Source: Appendix

Table 4.22 above shows the estimates of path coefficients, bootstrap standard errors (SE), and critical ratios (CR). The CR is used for testing the significance of an estimate. The CR value of all of the indicators is 36,72 toward variable X5, it means that those indicators are significant and reliable.

6. The Constraint of Inter-Organizational Knowledge Sharing (X6)

The construct measurement result of the constraint of inter-organizational knowledge sharing variable can be illustrated on the following table.

Table 4.23

Model Fit of The Constraint of Inter-Organizational Knowledge Sharing Variable (X6)

Model Fit	
FIT	0.538
AFIT	0.519
NPAR	24

Source: Appendix

According to the table 4.23 above, homogeneity that can be explained by FIT value on the model of variable X6 is 53,8 percent and the rest (46,2%) explained by other variables. It means that the constructs are nearly excellent because able to explain more than 50% of the data homogeneity. While homogeneity that can be explained by AFIT value is 51,9 percent and the rest (48,1%) explained by other variables. Free parameters estimated explained by NPAR value is fit to 24. It means that the reflective indicators simply formed by observed variables, which are associated with six indicators involved in this model is relevant.

Table 4.24

Construct Measurement of The Constraint of Inter-Organizational Knowledge Sharing Variable (X6)

Measurement Model			
	Estimate	**SE**	**CR**
F1->X6	0.094	0.003	29.14*
F2->X6	0.347	0.012	29.14*
F3->X6	0.087	0.003	29.14*
F4->X6	0.416	0.014	29.14*
F5->X6	0.060	0.002	29.14*
F6->X6	0.383	0.013	29.14*

CR* = significant at .05 level

Source: Appendix

Table 4.24 above shows the estimates of path coefficients, bootstrap standard errors (SE), and critical ratios (CR). The CR is used for testing the significance of an estimate. The CR value of all of the indicators is 29,14 toward variable X6, it means that those indicators are significant and reliable.

7. The Effectiveness in Leveraging Knowledge (X7)

The construct measurement result of the effectiveness in leveraging knowledge variable can be illustrated on the following table.

Table 4.25

Model Fit of The Effectiveness in Leveraging Knowledge Variable (X7)

Model Fit	
FIT	0.600
AFIT	0.583
NPAR	8

Source: Appendix

According to the table 4.25 above, homogeneity that can be explained by FIT value on the model of variable X7 is 60 percent and the rest (40%) explained by other variables. It Means that the constructs are excellent because able to explain about 60% of the data homogeneity. While homogeneity that can be explained by AFIT value is 58,3 percent and the rest (41,7%) explained by other variables. Free parameters estimated explained by NPAR value is fit to 8. It means that the reflective indicators simply formed by observed variables, which are associated with two indicators involved in this model is relevant.

Table 4.26

Construct Measurement of The Effectiveness in Leveraging Knowledge Variable (X7)

Measurement Model			
	Estimate	**SE**	**CR**
G1->X7	0.915	0.036	25.25*
G2->X7	0.410	0.016	25.25*

CR* = significant at .05 level

Source: Appendix

Table 4.26 above shows the estimates of path coefficients, bootstrap standard errors (SE), and critical ratios (CR). The CR is used for testing the significance of an estimate. The CR value of all of the indicators is 25,25 toward variable X7, it means that those indicators are significant and reliable.

8. Inter-Organizational Knowledge Sharing (Y)

The construct measurement result of the inter-organizational knowledge sharing variable can be illustrated on the following table.

Table 4.27

Model Fit of The Inter-Organizational Knowledge Sharing Variable (Y)

Model Fit	
FIT	0.600
AFIT	0.579
NPAR	10

Source: Appendix

According to the table 4.27 above, homogeneity that can be explained by FIT value on the model of variable Y is 60 percent and the rest (40%) explained by other variables. It Means that the constructs are excellent because able to explain about 60% of the data homogeneity. While homogeneity that can be explained by AFIT value is 57,9 percent and the rest (42,1%) explained by other variables. Free parameters estimated explained by NPAR value is fit to 10. It means that the reflective indicators simply formed by observed variables, which are associated with two indicators involved in this model is relevant.

Table 4.28

Construct Measurement of The Inter-Organizational Knowledge Sharing Variable (Y)

Path Coefficients			
	Estimate	**SE**	**CR**
H1->Y	0.259	0.005	54.41*
H2->Y	0.847	0.016	54.41*

CR* = significant at .05 level

Source: Appendix

Table 4.28 above shows the estimates of path coefficients, bootstrap standard errors (SE), and critical ratios (CR). The CR is used for testing the

significance of an estimate. The CR value of all of the indicators is 54,41 toward variable Y, it means that those indicators are significant and reliable.

C. Full Model Measurement

According to the GSCA program, obtained inferential result of full model measurement which described on the following table. The full model measurement illustrates the variance and effect of seven independent variables toward one dependent variable. The full model measurement is imperative in order to know the significance of the research model.

Table 4.29

Full Measurement of Fit Structured Model

Model Fit	
FIT	0.433
AFIT	0.423
NPAR	57

Source: Appendix

Table 4.29 shows that homogeneity that can be explained by all of variables on the model is 43,3 percent and the rest (56,7%) explained by other variables. It means that this model is nearly excellent because able to explain more than 40% of the data homogeneity. Homogeneity that can be explained by all of variables on the model using AFIT value is 42,3% and the rest (57,7%) explained by other variables. Free parameters estimated explained by NPAR value is fit to 57. It means that the reflective indicators simply formed by observed

variables, which are associated with seven variables involved in this model is relevant.

As for indicator identification of aforementioned variable and model, thus hereby the detail of each variable:

1. **The Importance of Knowledge (X1)**

The full model measurement result of the importance of knowledge variable can be illustrated on the following table.

Table 4.30

Indicator Identification of The Importance of Knowledge (X1) Toward The Inter-Organizational Knowledge Sharing (Y)

Model Fit			
FIT	0.518		
AFIT	0.507		
NPAR	9		
	Estimate	**SE**	**CR**
X1->Y	-0.056	0.091	0.61

CR* = significant at .05 level

Source: Appendix

Homogeneity that can be explained by variable X1 toward Y using FIT value is 51,8 percent and the rest (48,2%) explained by other variables. It means that this model is nearly excellent because able to explain more than 50% of the data homogeneity. Homogeneity that can be explained by all of variables on the model using AFIT value is 50,7 percent and the rest (49,3%) explained by other variables. Free parameters estimated explained by NPAR value is fit to 9. It means that the reflective indicators simply formed by observed variables, which are associated with two indicators involved in this model is relevant.

Hypothesis 1: The importance of knowledge (X1) is not significantly effect toward the inter-organizational knowledge sharing (Y)

Table 4.30 shows the estimate of path coefficients value is -0,056. Bootstrap standard error (SE) value is 0,091. While critical ratio (CR) value is 0,61. It means that the estimate of path coefficients value is negative and the CR value is not significant. This empirical evidence can be use to reject the Hypothesis 1 stated, "The importance of knowledge (X1) will significantly effect toward the inter-organizational knowledge sharing (Y).

2. Perception on The Importance of Knowledge Areas (X2)

The full model measurement result of perception on the importance knowledge areas variable can be illustrated on the following table.

Table 4.31

Indicator Identification of Perception on The Importance of Knowledge Area Variable (X2) Toward The Inter-Organizational Knowledge Sharing (Y)

Model Fit			
FIT	0.403		
AFIT	0.395		
NPAR	13		
	Estimate	**SE**	**CR**
X2->Y	0.347	0.080	4.36*

CR* = significant at .05 level

Source: Appendix

Homogeneity that can be explained by variable X2 toward Y using FIT value is 40,3 percent and the rest (59,7%) explained by other variables. It means

that this model is good because able to explain more than 40% of the data homogeneity. Homogeneity that can be explained by all of variables on the model using AFIT value is 39,5 percent and the rest (60,5%) explained by other variables. Free parameters estimated explained by NPAR value is fit to 13. It means that the reflective indicators simply formed by observed variables, which are associated with eight indicators involved in this model is relevant.

Hypothesis 2: Perception on the importance of knowledge area (X2) is significantly effect toward the inter-organizational knowledge sharing (Y)

Table 4.31 shows the estimate of path coefficients value is 0,347. Bootstrap standard error (SE) value is 0,080. While critical ratio (CR) value is 4,36. It means that the estimate of path coefficients value is positive and the CR value is significant. This empirical evidence can be use to accept the Hypothesis 2 stated, "Perception on the importance of knowledge areas (X2) will significantly effect toward the inter-organizational knowledge sharing (Y).

3. Areas in Which Insufficient Knowledge Contributes to Costly Error of Mistakes (X3)

The full model measurement result of areas in which insufficient knowledge contributes to costly errors or mistakes variable can be illustrated on the following table.

Table 4.32

Indicator Identification of Areas in Which Insufficient Knowledge Contributes to Costly Error of Mistakes Variable (X3) Toward The Inter-Organizational Knowledge Sharing (Y)

Model Fit			
FIT	0.464		
AFIT	0.452		
NPAR	13		
	Estimate	**SE**	**CR**
X3->Y	0.230	0.082	2.79*

CR* = significant at .05 level

Source: Appendix

Homogeneity that can be explained by variable X3 toward Y using FIT value is 46,4 percent and the rest (53,6%) explained by other variables. It means that this model is good because able to explain more than 40% of the data homogeneity. Homogeneity that can be explained by all of variables on the model using AFIT value is 45,2 percent and the rest (54,8%) explained by other variables. Free parameters estimated explained by NPAR value is fit to 13. It means that the reflective indicators simply formed by observed variables, which are associated with four indicators involved in this model is relevant.

Hypothesis 3: Areas in which insufficient knowledge contributes to costly error or mistakes (X3) is significantly effect toward the inter-organizational knowledge sharing (Y)

Table 4.32 shows the estimate of path coefficients value is 0,230. Bootstrap standard error (SE) value is 0,082. While critical ratio (CR) value is

2,79. It means that the estimate of path coefficients value is positive and the CR value is significant. This empirical evidence can be use to accept the Hypothesis 3 stated, "Areas in which insufficient knowledge contributes to costly error or mistakes (X3) will significantly effect toward the inter-organizational knowledge sharing (Y).

4. Knowledge Sharing Activities (X4)

The full model measurement result of knowledge sharing activities variable can be illustrated on the following table.

Table 4.33

Indicator Identification of Knowledge Sharing Activities Variable (X4) Toward The Inter-Organizational Knowledge Sharing (Y)

Model Fit			
FIT	0.450		
AFIT	0.438		
NPAR	17		
	Estimate	**SE**	**CR**
X4->Y	0.362	0.087	4.13*

CR* = significant at .05 level

Source: Appendix

Homogeneity that can be explained by variable X4 toward Y using FIT value is 45 percent and the rest (55%) explained by other variables. It means that this model is good because able to explain more than 40% of the data homogeneity. Homogeneity that can be explained by all of variables on the model using AFIT value is 43,8 percent and the rest (56,2%) explained by other variables. Free parameters estimated explained by NPAR value is fit to 17. It

means that the reflective indicators simply formed by observed variables, which are associated with six indicators involved in this model is relevant.

Hypothesis 4: Knowledge sharing activities (X4) is significantly effect toward the inter-organizational knowledge sharing (Y)

Table 4.33 shows the estimate of path coefficients value is 0,362. Bootstrap standard error (SE) value is 0,087. While critical ratio (CR) value is 4,13. It means that the estimate of path coefficients value is positive and the CR value is significant. This empirical evidence can be use to accept the Hypothesis 4 stated, "Knowledge sharing activities (X4) will significantly effect toward the inter-organizational knowledge sharing (Y).

5. Social Networks Involved (X5)

The full model measurement result of social networks involved variable can be illustrated on the following table.

Table 4.34

Indicator Identification of Social Networks Involved Variable (X5) Toward The Inter-Organizational Knowledge Sharing (Y)

Model Fit			
FIT	0.502		
AFIT	0.490		
NPAR	9		
	Estimate	**SE**	**CR**
X5->Y	0.339	0.091	3.73*

CR* = significant at .05 level

Source: Appendix

Homogeneity that can be explained by variable X5 toward Y using FIT value is 50,2 percent and the rest (49,8%) explained by other variables. It means that this model is nearly excellent because able to explain more than 50% of the data homogeneity. Homogeneity that can be explained by all of variables on the model using AFIT value is 49 percent and the rest (51%) explained by other variables. Free parameters estimated explained by NPAR value is fit to 9. It means that the reflective indicators simply formed by observed variables, which are associated with two indicators involved in this model is relevant.

Hypothesis 5: Social networks involved (X5) is significantly effect toward the inter-organizational knowledge sharing (Y)

Table 4.34 shows the estimate of path coefficients value is 0,339. Bootstrap standard error (SE) value is 0,091. While critical ratio (CR) value is 3,73. It means that the estimate of path coefficients value is positive and the CR value is significant. This empirical evidence can be use to accept the Hypothesis 5 stated, "Social Networks Involved (X5) will significantly effect toward the inter-organizational knowledge sharing (Y).

6. Constraints of Inter-Organizational Knowledge Sharing (X6)

The full model measurement result of the constraint of inter-organizational knowledge sharing variable can be illustrated on the Table 4.35 below. Homogeneity that can be explained by variable X6 toward Y using FIT value is 44,5 percent and the rest (55,5%) explained by other variables. It means that this model is good because able to explain more than 40% of the data homogeneity. Homogeneity that can be explained by all of variables on the model using AFIT

value is 43,3 percent and the rest (56,7%) explained by other variables. Free parameters estimated explained by NPAR value is fit to 17. It means that the reflective indicators simply formed by observed variables, which are associated with six indicators involved in this model is relevant.

Table 4.35

Indicator Identification of Constraints of Inter-Organizational Knowledge Sharing Variable (X6) Toward The Inter-Organizational Knowledge Sharing (Y)

Model Fit			
FIT	0.445		
AFIT	0.433		
NPAR	17		
	Estimate	**SE**	**CR**
X6->Y	0.701	0.058	12.08*

CR* = significant at .05 level

Source: Appendix

Hypothesis 6: Constraints of inter-organizational knowledge sharing (X6) is significantly effect toward the inter-organizational knowledge sharing (Y)

Table 4.35 shows the estimate of path coefficients value is 0,701. Bootstrap standard error (SE) value is 0,058. While critical ratio (CR) value is 12,08. It means that the estimate of path coefficients value is positive and the CR value is significant. This empirical evidence can be use to accept the Hypothesis 6 stated, "Constraints of inter-organizational knowledge sharing (X6) will significantly effect toward the inter-organizational knowledge sharing (Y).

7. The Effectiveness in Leveraging Knowledge (X7)

The full model measurement result of the effectiveness in leveraging knowledge variable can be illustrated on the following table.

Table 4.36

Indicator Identification of The Effectiveness in Leveraging Knowledge Variable (X7) Toward The Inter-Organizational Knowledge Sharing (Y)

Model Fit			
FIT	0.424		
AFIT	0.411		
NPAR	9		
	Estimate	**SE**	**CR**
X7->Y	0.247	0.226	1.1

CR* = significant at .05 level

Source: Appendix

Homogeneity that can be explained by variable X7 toward Y using FIT value is 42,4 percent and the rest (57,6%) explained by other variables. It means that this model is good because able to explain more than 40% of the data homogeneity. Homogeneity that can be explained by all of variables on the model using AFIT value is 41,1 percent and the rest (58,9%) explained by other variables. Free parameters estimated explained by NPAR value is fit to 9. It means that the reflective indicators simply formed by observed variables, which are associated with two indicators involved in this model is relevant.

Hypothesis 7: The effectiveness in leveraging knowledge (X7) is not significantly effect toward the inter-organizational knowledge sharing (Y)

Table 4.36 shows the estimate of path coefficients value is 0,247. Bootstrap standard error (SE) value is 0,226. While critical ratio (CR) value is 1,1. It means that the estimate of path coefficients value is positive and the CR value is not significant. This empirical evidence can be use to reject the Hypothesis 7 stated, "The effectiveness in leveraging knowledge (X7) will significantly effect toward the inter-organizational knowledge sharing (Y).

D. Discussion and Implications

This study has attempted to generate additional insights concerning the relationship of inter-organizational knowledge sharing by using seven variables. This research knowledge sharing focused on and addressed the ties of external knowledge as a primary facilitator or inhibitor of knowledge sharing among MSMEs within traditional market. This study presumed that independent variables do reflect all dimensions or traits of knowledge sharing or how people react to them. This study has taken research in this area a step forward by using the newest program to date named GSCA for knowledge sharing topic.

The testing of the seven hypotheses established that the ties of inter-organizational knowledge sharing relationships, contributes measurably more to the knowledge sharing interaction of micro, small, and medium enterprises within traditional market. This finding points to the significant dominance of inter-organizational knowledge sharing over intra-organizational knowledge sharing related to the sharing of knowledge in this setting.

There are seven independent variables and one dependent variable in this study, including the importance of knowledge, perception on the importance of

knowledge areas, areas in which insufficient knowledge contributes to costly errors or mistakes, knowledge sharing activities, social networks involved, constraints of inter-organizational knowledge sharing, the effectiveness in leveraging knowledge, and the inter-organizational knowledge sharing. According to the result of variable measurement on the previous section, hereby the detail of each discussion and implication.

1. The Importance of Knowledge

Variable of the importance of knowledge which formed by two indicators, including the understanding of external knowledge for organizational success and the understanding of internal knowledge for organizational success have negative effect and not significant toward the inter-organizational knowledge sharing.

According to the result, the respondents taught that the understanding of internal knowledge is more important than the understanding of external knowledge. It proven by the dominance of estimate loading of the understanding of internal knowledge compared to the understanding external knowledge. The respondents tends to feel enough with tacit knowledge they gained during their working experiences.

The result means that the respondents are lack of understanding of external knowledge. This is important because prior research suggests that knowledge sharing from external sources has important implications for organizational outcomes (Chong *et al.*, 2010). Knowledge called as a substance because it is accommodates better to the sentiments, the impressions, the institutions, the premonitions that are all part of knowledge and which the idea of representation

would not be able to convey faithfully. Knowledge is the object of a continuum that extends from interpreted information to non-representable (Baumard, 1999: 19). Therefore, MSME's needs for inter-organizational knowledge sharing can be identified by means of the identification of their knowledge insufficiencies about the relevant organizations.

2. Perception on The Importance of Knowledge Areas

Variable of the perception on the importance of knowledge areas which formed by eight indicators, including the customer service, own product / service, own competencies and capabilities, the individual performance, the emerging market trend, the competitors, the relationship with suppliers, and the internal processes have positive effect and significant toward the inter-organizational knowledge sharing.

According to the result, the respondents taught that the relationship with suppliers as the most important knowledge to acquire, then customer service and individual performance follow respectively. The top two indicators are comes from external knowledge, it means that the respondents already taught that external knowledge is emerging. However they keep in mind that individual performance is the basic foundation for their enterprise. The other indicators comprise own product / service, the emerging market trend, and the competitors were have positive effect and significant on the respondent's perception toward importance knowledge areas. The respondents perceived that own competencies and capabilities, and the internal processes were have negative effect and

significant on perception the respondent's perception toward importance knowledge areas.

The result means that external knowledge, particularly those of the task environment such as knowledge of competitors, suppliers, and customers is of prime importance and is much needed by the MSMEs than internal knowledge in view of the fact that the task environment generates greater uncertainty to the MSMEs than those in the general environment (Chong *et al.*, 2010). The goal of knowledge sharing can either be to create new knowledge by differently combining existing knowledge or to become better at exploiting existing knowledge (Christensen, 2007: 36). Prior research also concludes that organizations that are able to learn about customers, competitors, and regulators stand a better chance of sensing and adapting their products and services to emerging needs.

3. Areas in Which Insufficient Knowledge Contributes to Costly Errors or Mistakes

Variable of the areas in which insufficient knowledge contributes to costly errors or mistakes which formed by four indicators, including the customer relationship, the competitors, the emerging market trend, and the suppliers relationship have positive effect and significant toward the inter-organizational knowledge sharing.

The supplier relationship contributes the biggest positive effect on type errors or mistakes. This mean the respondents taught that better relationship with suppliers would hand in hand with better performance of the enterprise in terms of

type of errors or mistakes. The other indicators comprise the customer relationship, the emerging market trend, and the suppliers relationship follow respectively.

The result means that whether MSMEs have sufficient knowledge of these constituents as lack of such knowledge have contributed to the enterprises making costly errors or mistakes. Knowledge sharing is critical to a firm's success (Davenport & Prusak on Ngah and Jusoff, 2009). Such self-examination is also critical as it pinpoints the knowledge gaps, which currently exist within the enterprises (Chen *et al*. on Chong *et al.*, 2010). Therefore, consequently the enterprises should have high motivation in pursuing these types of knowledge if gaps do exist by means of inter-organizational knowledge sharing.

4. Knowledge Sharing Activities

Variable of the knowledge sharing activities which formed by six indicators, including the use information from customers, suppliers, or others; the strategy establishment to obtain information from customers, suppliers, or others; hire know-how from advisors or consultant, join in seminar and training, conduct research development, and learning through customer-supplier partnership have positive effect and significant toward the inter-organizational knowledge sharing.

The result means that the better knowledge sharing activities of the enterprises, the better inter-organizational knowledge sharing will achieved. The interesting characteristic of knowledge is that its value grows when shared (Bhirud *et al.*, on Ngah and Jusoff, 2009). The identification of these activities may reflect MSME's needs for inter-organizational knowledge sharing from

another perspective, and also demonstrate their current practices in the area. Therefore to acquire external knowledge, MSMEs need to engage in some activities to interact with external organizations.

5. Social Networks Involved

Variable of the social networks involved which formed by two indicators, including the social networks via internet that has joined nurtured well, and the social interaction networks that has joined nurtured well have positive effect and significant toward the inter-organizational knowledge sharing.

The result means that the better social networks involved well maintain by the enterprises, the better inter-organizational knowledge sharing will achieved. The social network may provide opportunities for face-to-face communication, produce strong ties between member organizations through the appropriate application of the two mechanisms – trust and power, and thus work as a channel to transfer both tacit and explicit knowledge between member organizations (Dyer and Nobeoka on Chen *et al.*, 2006). An electronic network may work as another channel to transfer knowledge between organizations (Chen *et al.*, 2006). Organizations need channels to facilitate their knowledge exchange in the inter-organizational knowledge sharing activities. Therefore, the current situation and effectiveness of MSMEs' use of both social and electronic networks to facilitate knowledge exchange between organizations need to be examined.

6. Constraints of Inter-Organizational Knowledge Sharing

Variable of the constraints of inter-organizational knowledge sharing which formed by six indicators, including the emphasis on individual capability, the commitment, the anxiety of loss, the culture, the IT support, and the time availability have positive effect and significant toward the inter-organizational knowledge sharing.

The result means that the better constraints of inter-organizational knowledge sharing solved, the better inter-organizational knowledge sharing will achieved. Once MSMEs have needs for inter-organizational knowledge sharing, they will carry out specific inter-organizational knowledge sharing processes to acquire the needed knowledge. Knowledge sharing is shaped by many factors, including the culture of the organization, the nature of the technology, and the individual's values and attitudes towards sharing (Oliver; Wide´n-Wulff and Ginman; Hall on Cyr and Choo, 2010). Therefore organizations need to develop inter-organizational knowledge sharing framework which can conceptualize the process of knowledge sharing between organizations for MSMEs, help them to better understand the transfer process, and be able to address the issues of the constraints.

7. The Effectiveness in Leveraging Knowledge

Variable of the effectiveness in leveraging knowledge which formed by two indicators, including the organization's effectiveness in using the acquired external knowledge, and the organization's effectiveness in using the acquired

internal knowledge have positive effect and significant toward the inter-organizational knowledge sharing.

The result means that the more effective to leverage knowledge, the better inter-organizational knowledge sharing will achieved. Propensity to share knowledge is part of the expression of self-identity and subjective norm (e.g. Constant *et al.*, on Cyr and Choo, 2010). The effectiveness of MSME's inter-organizational knowledge sharing is also a matter of concern and will be measured on whether the acquired external knowledge is effectively used by MSMEs to improve their business (Chen *et al.*, 2006). Therefore, this result may reflect the effectiveness of organization to learn from each other.

CHAPTER V

CONCLUSION AND SUGGESTION

A. Conclusion

According to the result of descriptive and inferential analysis, obtained some conclusions as the answer of problem statement and objective upon this research.

1. The importance of knowledge variable has negative effect and not significant toward the inter-organizational knowledge sharing. This finding shows that the understanding of knowledge will not make the better inter-organizational knowledge sharing. The respondent was lack understanding of external knowledge. They perceived that their own experiences as internal knowledge were enough, thus they do not need any external knowledge to acquire. Whereas prior research stated that external knowledge is very important for organizational success. Thus the MSMEs within traditional market need to get more attention related to the inter-organizational knowledge sharing.
2. The perception on the importance of knowledge areas variable has positive effect and significant toward the inter-organizational knowledge sharing. This finding shows that MSMEs within traditional market already realized some knowledge areas are urgent for their organization. They can decide which knowledge area they perceived as important, thus they were able to give positive attitude for selected knowledge area and they give an effort to acquire it.

3. Areas in which insufficient knowledge contributes to costly errors or mistakes variable have positive effect and significant toward the inter-organizational knowledge sharing. This finding shows that lack of knowledge will be able to create loss for MSMEs within traditional market. The relationship with supplier is the major concern for the respondent, then follow by the customer relationship, the competitors, and the emerging market trend respectively. In order to avoid costly errors or mistakes, MSMEs within traditional market should pursue types of knowledge they needed.
4. Knowledge sharing activities variable have positive effect and significant toward the inter-organizational knowledge sharing. This finding shows that activities to get knowledge from peers, networks, or other resources are important. There are many ways to acquired knowledge. The better knowledge sharing activities, the better organizational performance will be.
5. Social networks involved variable have positive effect and significant toward the inter-organizational knowledge sharing. This finding shows that MSMEs within organization need to nurture the social network and social interaction for the sake of better inter-organizational knowledge sharing. The respondent perceived positive to social networks involved, thus knowledge sharing can be realized.
6. Constraints of inter-organizational knowledge sharing variable have positive effect and significant toward the inter-organizational knowledge sharing. This finding shows that the constraint can be solved by MSMEs within traditional

market. Many constraints do exist in MSMEs, but it was not hampering them to conduct inter-organizational knowledge sharing.

7. The effectiveness in leveraging knowledge variable have positive effect and significant toward the inter-organizational knowledge sharing. This finding shows that the more effective to leverage knowledge, the better inter-organizational knowledge sharing will achieved. MSMEs within traditional market perceived positive attitude on their effectiveness in leveraging knowledge, therefore they can conduct inter-organizational knowledge sharing.

B. Suggestion

Based on the conclusion above, hereby some suggestions as the completion upon this research.

1. The topic of inter-organizational knowledge sharing needs among MSMEs have received relatively little research attention to date. Remembering the importance of MSMEs in Indonesia, researcher should take this topic into account. The finding of the research may be useful for the MSMEs development plan in the future.
2. Related to the finding of this research, MSMEs within traditional market were lack understanding of knowledge. In order to compete in the hyper-competition today, they should pay more attention to get more knowledge because organization without sufficient knowledge will be die. Thus MSMEs within traditional market need support from many stakeholders such as government, academician, and society.

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APPENDIX

Traditional Market Based on the Number of Seller (Update on June 2011)

NO	Traditional Market	STALL		SHELTER		OTHER SELLER	TOTAL		STALL / SHELTER CLOSE
		UNIT	SELLER	UNIT	SELLER		UNIT	SELLER	
1	Pasar Besar	718	627	3.706	2.164	504	4.424	**3.295**	2004
2	Pasar Baru Barat	174	58	1.029	159	0	1.203	**217**	931
3	Pasar Blimbing	79	64	1.931	1.582	428	1.900	**2.074**	423
4	Pasar Tawangmangu	184	136	489	314	0	673	**450**	358
5	Pasar Dinoyo	144	92	1.122	603	325	1.266	**1.020**	220
6	Pasar Klojen	40	34	270	151	0	310	**185**	118
7	Pasar Induk Gadang	34	34	2.567	1.724	150	2.601	**1.908**	1496
8	Pasar Oro-oro Dowo	40	34	209	130	53	249	**217**	60
9	Pasar Bunul	100	55	302	186	52	402	**293**	60
10	Pasar Kasin	28	20	224	120	50	252	**190**	75
11	Pasar Sukun	36	17	343	107	0	379	**124**	128
12	Pasar Buku Wilis	68	60	0	0	0	68	**60**	2
13	Pasar Madyopuro	24	24	526	481	0	550	**505**	157
14	Pasar Mergan	0	0	270	228	49	270	**277**	28
15	Pasar Gadang	34	34	224	101	0	258	**135**	33
16	Pasar Bunga	0	0	69	64	0	69	**64**	7
17	Pasar Burung	155	123	4	4	40	159	**167**	25
18	Pasar Sawojajar	175	149	0	0	0	175	**149**	17
19	Pasar Kebalen	30	15	396	350	478	426	**843**	240
20	Pasar Baru Timur	79	38	150	83	30	229	**151**	200
21	Pasar Embong Brantas	53	31	172	76	0	225	**107**	205
22	Pasar Kota Lama	48	26	75	51	21	123	**98**	11
23	Pasar Lesanpuro	0	0	105	102	0	105	**102**	13
24	Pasar Kedung Kandang	99	99	347	283	116	446	**498**	399
25	Pasar Bareng	45	30	199	89	17	244	**136**	51
26	PasarNusakambangan	52	52	7	7	8	59	**67**	31
27	Pasar Talun	32	25	60	43	0	92	**68**	52
28	Pasar Temboro	0	0	0	0	0	0	**0**	0
29	Pasar Hewan Blimbing	0	0	0	0	0	0	**0**	-
30	Pasar Hewan Sukun	0	0	0	0	0	0	**0**	-
	TOTAL	2.471	1.877	14.686	9.202	2.321	17.157	**13.400**	7.344

Source: Traditional Market Bureau Profile 2011

Frequency Table

A1

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	1	1.0	1.0	1.0
	2	3	3.0	3.0	4.0
	3	1	1.0	1.0	5.1
	4	10	10.1	10.1	15.2
	5	21	21.2	21.2	36.4
	6	20	20.2	20.2	56.6
	7	43	43.4	43.4	100.0
	Total	99	100.0	100.0	

A2

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	2	2.0	2.0	2.0
	3	2	2.0	2.0	4.0
	4	7	7.1	7.1	11.1
	5	19	19.2	19.2	30.3
	6	31	31.3	31.3	61.6
	7	38	38.4	38.4	100.0
	Total	99	100.0	100.0	

Frequency Table

B1

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3	2	2.0	2.0	2.0
	4	3	3.0	3.0	5.1
	5	6	6.1	6.1	11.1
	6	34	34.3	34.3	45.5
	7	54	54.5	54.5	100.0
	Total	99	100.0	100.0	

B2

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	4	3	3.0	3.0	3.0
	5	12	12.1	12.1	15.2
	6	42	42.4	42.4	57.6
	7	42	42.4	42.4	100.0
	Total	99	100.0	100.0	

B3

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3	2	2.0	2.0	2.0
	4	6	6.1	6.1	8.1
	5	18	18.2	18.2	26.3
	6	38	38.4	38.4	64.6
	7	35	35.4	35.4	100.0
	Total	99	100.0	100.0	

B4

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	4	4	4.0	4.0	4.0
	5	10	10.1	10.1	14.1
	6	31	31.3	31.3	45.5
	7	54	54.5	54.5	100.0
	Total	99	100.0	100.0	

B5

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	2	2.0	2.0	2.0
	3	1	1.0	1.0	3.0
	4	9	9.1	9.1	12.1
	5	22	22.2	22.2	34.3
	6	43	43.4	43.4	77.8
	7	22	22.2	22.2	100.0
	Total	99	100.0	100.0	

B6

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	6	6.1	6.1	6.1
	3	2	2.0	2.0	8.1
	4	12	12.1	12.1	20.2
	5	32	32.3	32.3	52.5
	6	31	31.3	31.3	83.8
	7	16	16.2	16.2	100.0
	Total	99	100.0	100.0	

B7

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	1	1.0	1.0	1.0
	3	2	2.0	2.0	3.0
	4	4	4.0	4.0	7.1
	5	14	14.1	14.1	21.2
	6	24	24.2	24.2	45.5
	7	54	54.5	54.5	100.0
	Total	99	100.0	100.0	

B8

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3	2	2.0	2.0	2.0
	4	5	5.1	5.1	7.1
	5	18	18.2	18.2	25.3
	6	50	50.5	50.5	75.8
	7	24	24.2	24.2	100.0
	Total	99	100.0	100.0	

Frequency Table

C1

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	38	38.4	38.4	38.4
	2	9	9.1	9.1	47.5
	3	4	4.0	4.0	51.5
	4	9	9.1	9.1	60.6
	5	15	15.2	15.2	75.8
	6	14	14.1	14.1	89.9
	7	10	10.1	10.1	100.0
	Total	99	100.0	100.0	

C2

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	46	46.5	46.5	46.5
	2	8	8.1	8.1	54.5
	3	5	5.1	5.1	59.6
	4	9	9.1	9.1	68.7
	5	13	13.1	13.1	81.8
	6	11	11.1	11.1	92.9
	7	7	7.1	7.1	100.0
	Total	99	100.0	100.0	

C3

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	29	29.3	29.3	29.3
	2	12	12.1	12.1	41.4
	3	4	4.0	4.0	45.5
	4	6	6.1	6.1	51.5
	5	10	10.1	10.1	61.6
	6	25	25.3	25.3	86.9
	7	13	13.1	13.1	100.0
	Total	99	100.0	100.0	

C4

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	53	53.5	53.5	53.5
	2	9	9.1	9.1	62.6
	3	3	3.0	3.0	65.7
	4	6	6.1	6.1	71.7
	5	11	11.1	11.1	82.8
	6	9	9.1	9.1	91.9
	7	8	8.1	8.1	100.0
	Total	99	100.0	100.0	

Frequency Table

D1

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	7	7.1	7.1	7.1
	2	1	1.0	1.0	8.1
	3	6	6.1	6.1	14.1
	4	11	11.1	11.1	25.3
	5	22	22.2	22.2	47.5
	6	32	32.3	32.3	79.8
	7	20	20.2	20.2	100.0
	Total	99	100.0	100.0	

D2

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	8	8.1	8.1	8.1
	2	4	4.0	4.0	12.1
	3	9	9.1	9.1	21.2
	4	10	10.1	10.1	31.3
	5	14	14.1	14.1	45.5
	6	33	33.3	33.3	78.8
	7	21	21.2	21.2	100.0
	Total	99	100.0	100.0	

D3

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	84	84.8	84.8	84.8
	2	1	1.0	1.0	85.9
	3	5	5.1	5.1	90.9
	4	2	2.0	2.0	92.9
	5	1	1.0	1.0	93.9
	6	5	5.1	5.1	99.0
	7	1	1.0	1.0	100.0
	Total	99	100.0	100.0	

D4

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	81	81.8	81.8	81.8
	2	2	2.0	2.0	83.8
	3	2	2.0	2.0	85.9
	4	4	4.0	4.0	89.9
	5	4	4.0	4.0	93.9
	6	4	4.0	4.0	98.0
	7	2	2.0	2.0	100.0
	Total	99	100.0	100.0	

D5

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	87	87.9	87.9	87.9
	2	5	5.1	5.1	92.9
	3	1	1.0	1.0	93.9
	4	2	2.0	2.0	96.0
	5	1	1.0	1.0	97.0
	6	2	2.0	2.0	99.0
	7	1	1.0	1.0	100.0
	Total	99	100.0	100.0	

D6

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	41	41.4	41.4	41.4
	2	4	4.0	4.0	45.5
	3	4	4.0	4.0	49.5
	4	8	8.1	8.1	57.6
	5	17	17.2	17.2	74.7
	6	15	15.2	15.2	89.9
	7	10	10.1	10.1	100.0
	Total	99	100.0	100.0	

Frequency Table

E1

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	77	77.8	77.8	77.8
	2	4	4.0	4.0	81.8
	3	2	2.0	2.0	83.8
	4	1	1.0	1.0	84.8
	5	7	7.1	7.1	91.9
	6	5	5.1	5.1	97.0
	7	3	3.0	3.0	100.0
	Total	99	100.0	100.0	

E2

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	17	17.2	17.2	17.2
	2	9	9.1	9.1	26.3
	3	9	9.1	9.1	35.4
	4	12	12.1	12.1	47.5
	5	21	21.2	21.2	68.7
	6	14	14.1	14.1	82.8
	7	17	17.2	17.2	100.0
	Total	99	100.0	100.0	

Frequency Table

F1

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	1	1.0	1.0	1.0
	2	3	3.0	3.0	4.0
	3	1	1.0	1.0	5.1
	4	10	10.1	10.1	15.2
	5	30	30.3	30.3	45.5
	6	39	39.4	39.4	84.8
	7	15	15.2	15.2	100.0
	Total	99	100.0	100.0	

F2

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	1	1.0	1.0	1.0
	2	8	8.1	8.1	9.1
	3	11	11.1	11.1	20.2
	4	22	22.2	22.2	42.4
	5	19	19.2	19.2	61.6
	6	24	24.2	24.2	85.9
	7	14	14.1	14.1	100.0
	Total	99	100.0	100.0	

F3

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	31	31.3	31.3	31.3
	2	15	15.2	15.2	46.5
	3	13	13.1	13.1	59.6
	4	14	14.1	14.1	73.7
	5	13	13.1	13.1	86.9
	6	7	7.1	7.1	93.9
	7	6	6.1	6.1	100.0
	Total	99	100.0	100.0	

F4

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	2	2.0	2.0	2.0
	2	15	15.2	15.2	17.2
	3	22	22.2	22.2	39.4
	4	14	14.1	14.1	53.5
	5	15	15.2	15.2	68.7
	6	19	19.2	19.2	87.9
	7	12	12.1	12.1	100.0
	Total	99	100.0	100.0	

F5

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	62	62.6	62.6	62.6
	2	13	13.1	13.1	75.8
	3	6	6.1	6.1	81.8
	4	4	4.0	4.0	85.9
	5	5	5.1	5.1	90.9
	6	6	6.1	6.1	97.0
	7	3	3.0	3.0	100.0
	Total	99	100.0	100.0	

F6

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	6	6.1	6.1	6.1
	2	14	14.1	14.1	20.2
	3	17	17.2	17.2	37.4
	4	15	15.2	15.2	52.5
	5	25	25.3	25.3	77.8
	6	14	14.1	14.1	91.9
	7	8	8.1	8.1	100.0
	Total	99	100.0	100.0	

Frequency Table

G1

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	8	8.1	8.1	8.1
	2	10	10.1	10.1	18.2
	3	18	18.2	18.2	36.4
	4	13	13.1	13.1	49.5
	5	21	21.2	21.2	70.7
	6	24	24.2	24.2	94.9
	7	5	5.1	5.1	100.0
	Total	99	100.0	100.0	

G2

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	1	1.0	1.0	1.0
	3	3	3.0	3.0	4.0
	4	13	13.1	13.1	17.2
	5	14	14.1	14.1	31.3
	6	35	35.4	35.4	66.7
	7	33	33.3	33.3	100.0
	Total	99	100.0	100.0	

Frequency Table

H1

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	2	2.0	2.0	2.0
	2	8	8.1	8.1	10.1
	3	14	14.1	14.1	24.2
	4	14	14.1	14.1	38.4
	5	25	25.3	25.3	63.6
	6	23	23.2	23.2	86.9
	7	13	13.1	13.1	100.0
	Total	99	100.0	100.0	

H2

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	3	3.0	3.0	3.0
	2	16	16.2	16.2	19.2
	3	23	23.2	23.2	42.4
	4	11	11.1	11.1	53.5
	5	15	15.2	15.2	68.7
	6	24	24.2	24.2	92.9
	7	7	7.1	7.1	100.0
	Total	99	100.0	100.0	

GSCA Result for Construct Measurement

X1

Model Fit	
FIT	0.600
AFIT	0.583
NPAR	8

Structural Model

Path Coefficients			
	Estimate	**SE**	**CR**
A1->X1	0.449	0.008	55.67*
A2->X1	0.659	0.012	55.67*

CR* = significant at .05 level

Correlations of Latent Variables (SE)			
	A1	**A2**	**X1**
A1	1	0.615 (0.060)*	0.855 (0.025)*
A2	0.615 (0.060)*	1	0.935 (0.010)*
X1	0.855 (0.025)*	0.935 (0.010)*	1

* significant at .05 level

X2

Model Fit	
FIT	0.529
AFIT	0.504
NPAR	40

Structural Model

Path Coefficients			
	Estimate	**SE**	**CR**
B1->X2	0.251	0.011	22.63*
B2->X2	0.066	0.003	22.63*
B3->X2	-0.358	0.016	22.63*
B4->X2	0.165	0.007	22.63*
B5->X2	0.019	0.001	22.63*
B6->X2	0.062	0.003	22.63*
B7->X2	0.309	0.014	22.63*
B8->X2	-0.244	0.011	22.63*

CR* = significant at .05 level

Correlations of Latent Variables (SE)									
	B1	**X2**	**B2**	**B3**	**B4**	**B5**	**B6**	**B7**	**B8**
B1	1	0.725 (0.055)*	0.430 (0.128)*	-0.472 (0.111)*	0.473 (0.086)*	0.285 (0.101)*	0.094 (0.143)	0.457 (0.127)*	-0.188 (0.079)*
X2	0.725 (0.055)*	1	0.593 (0.104)*	-0.745 (0.051)*	0.641 (0.055)*	0.375 (0.100)*	0.346 (0.127)*	0.748 (0.053)*	-0.598 (0.055)*
B2	0.430 (0.128)*	0.593 (0.104)*	1	-0.440 (0.109)*	0.335 (0.093)*	0.365 (0.099)*	0.132 (0.105)	0.348 (0.144)*	-0.340 (0.107)*
B3	-0.472 (0.111)*	-0.745 (0.051)*	-0.440 (0.109)*	1	-0.368 (0.082)*	-0.123 (0.109)	-0.164 (0.124)	-0.336 (0.089)*	0.253 (0.102)*
B4	0.473 (0.086)*	0.641 (0.055)*	0.335 (0.093)*	-0.368 (0.082)*	1	0.283 (0.086)*	0.120 (0.104)	0.368 (0.087)*	-0.311 (0.105)*

B5	0.285 (0.101)*	0.375 (0.100)*	0.365 (0.099)*	-0.123 (0.109)	0.283 (0.086)*	1	0.264 (0.120)*	0.291 (0.102)*	-0.255 (0.113)*
B6	0.094 (0.143)	0.346 (0.127)*	0.132 (0.105)	-0.164 (0.124)	0.120 (0.104)	0.264 (0.120)*	1	0.320 (0.128)*	-0.284 (0.130)*
B7	0.457 (0.127)*	0.748 (0.053)*	0.348 (0.144)*	-0.336 (0.089)*	0.368 (0.087)*	0.291 (0.102)*	0.320 (0.128)*	1	-0.387 (0.105)*
B8	-0.188 (0.079)*	-0.598 (0.055)*	-0.340 (0.107)*	0.253 (0.102)*	-0.311 (0.105)*	-0.255 (0.113)*	-0.284 (0.130)*	-0.387 (0.105)*	1

* significant at .05 level

X3

Model Fit	
FIT	0.556
AFIT	0.537
NPAR	16

Structural Model

Path Coefficients			
	Estimate	**SE**	**CR**
C1->X3	0.379	0.015	24.88*
C2->X3	0.229	0.009	24.88*
C3->X3	0.347	0.014	24.88*
C4->X3	0.410	0.016	24.88*

CR* = significant at .05 level

Correlations of Latent Variables (SE)					
	C1	**C2**	**C3**	**C4**	**X3**
C1	1	0.430 (0.086)*	0.219 (0.096)*	0.425 (0.087)*	0.727 (0.047)*
C2	0.430 (0.086)*	1	0.359 (0.099)*	0.530 (0.098)*	0.733 (0.058)*
C3	0.219 (0.096)*	0.359 (0.099)*	1	0.336 (0.105)*	0.650 (0.053)*
C4	0.425 (0.087)*	0.530 (0.098)*	0.336 (0.105)*	1	0.809 (0.046)*
X3	0.727 (0.047)*	0.733 (0.058)*	0.650 (0.053)*	0.809 (0.046)*	1

- significant at .05 level

X4

Model Fit	
FIT	0.538
AFIT	0.519
NPAR	24

Structural Model

Path Coefficients			
	Estimate	**SE**	**CR**
D1->X4	0.230	0.010	22.63*
D2->X4	0.266	0.012	22.63*
D3->X4	0.175	0.008	22.63*
D4->X4	0.141	0.006	22.63*
D5->X4	0.343	0.015	22.63*
D6->X4	0.293	0.013	22.63*

CR* = significant at .05 level

Correlations of Latent Variables (SE)							
	D1	**D2**	**D3**	**D4**	**D5**	**D6**	**X4**
D1	1	0.743 (0.076)*	0.280 (0.050)*	0.267 (0.069)*	0.238 (0.069)*	0.287 (0.098)*	0.680 (0.047)*
D2	0.743 (0.076)*	1	0.235 (0.050)*	0.280 (0.055)*	0.229 (0.058)*	0.416 (0.084)*	0.718 (0.032)*
D3	0.280 (0.050)*	0.235 (0.050)*	1	0.573 (0.141)*	0.554 (0.129)*	0.311 (0.074)*	0.664 (0.061)*
D4	0.267 (0.069)*	0.280 (0.055)*	0.573 (0.141)*	1	0.638 (0.090)*	0.337 (0.077)*	0.695 (0.056)*
D5	0.238 (0.069)*	0.229 (0.058)*	0.554 (0.129)*	0.638 (0.090)*	1	0.243 (0.092)*	0.717 (0.043)*
D6	0.287 (0.098)*	0.416 (0.084)*	0.311 (0.074)*	0.337 (0.077)*	0.243 (0.092)*	1	0.655 (0.048)*
X4	0.680 (0.047)*	0.718 (0.032)*	0.664 (0.061)*	0.695 (0.056)*	0.717 (0.043)*	0.655 (0.048)*	1

- significant at .05 level

X5

Model Fit	
FIT	0.600
AFIT	0.583
NPAR	8

Structural Model

Path Coefficients			
	Estimate	**SE**	**CR**
E1->X5	0.690	0.019	36.72*
E2->X5	0.496	0.014	36.72*

CR* = significant at .05 level

Correlations of Latent Variables (SE)			
	E1	**E2**	**X5**
E1	1	0.405 (0.078)*	0.891 (0.015)*
E2	0.405 (0.078)*	1	0.776 (0.033)*
X5	0.891 (0.015)*	0.776 (0.033)*	1

- significant at .05 level

X6

Model Fit	
FIT	0.538
AFIT	0.519
NPAR	24

Structural Model

Path Coefficients			
	Estimate	**SE**	**CR**
F1->X6	0.094	0.003	29.14*
F2->X6	0.347	0.012	29.14*
F3->X6	0.087	0.003	29.14*
F4->X6	0.416	0.014	29.14*
F5->X6	0.060	0.002	29.14*
F6->X6	0.383	0.013	29.14*

CR* = significant at .05 level

Correlations of Latent Variables (SE)							
	F1	**F2**	**F3**	**F4**	**F5**	**F6**	**X6**
F1	1	0.428 (0.084)*	0.195 (0.096)*	0.298 (0.088)*	0.249 (0.079)*	0.256 (0.102)*	0.497 (0.077)*
F2	0.428 (0.084)*	1	0.030 (0.107)	0.509 (0.076)*	0.226 (0.093)*	0.462 (0.070)*	0.792 (0.039)*
F3	0.195 (0.096)*	0.030 (0.107)	1	0.285 (0.127)*	0.180 (0.111)	0.166 (0.116)	0.309 (0.120)*
F4	0.298 (0.088)*	0.509 (0.076)*	0.285 (0.127)*	1	0.418 (0.078)*	0.372 (0.082)*	0.813 (0.025)*
F5	0.249 (0.079)*	0.226 (0.093)*	0.180 (0.111)	0.418 (0.078)*	1	0.243 (0.090)*	0.445 (0.070)*
F6	0.256 (0.102)*	0.462 (0.070)*	0.166 (0.116)	0.372 (0.082)*	0.243 (0.090)*	1	0.751 (0.038)*
X6	0.497 (0.077)*	0.792 (0.039)*	0.309 (0.120)*	0.813 (0.025)*	0.445 (0.070)*	0.751 (0.038)*	1

- significant at .05 level

X7

Model Fit	
FIT	0.600
AFIT	0.583
NPAR	8

Structural Model

Path Coefficients			
	Estimate	**SE**	**CR**
G1->X7	0.915	0.036	25.25*
G2->X7	0.410	0.016	25.25*

CR* = significant at .05 level

Correlations of Latent Variables (SE)			
	G1	**G2**	**X7**
G1	1	-0.008 (0.103)	0.912 (0.007)*
G2	-0.008 (0.103)	1	0.403 (0.080)*
X7	0.912 (0.007)*	0.403 (0.080)*	1

- significant at .05 level

Y

Model Fit	
FIT	0.600
AFIT	0.579
NPAR	10

Structural Model

Path Coefficients			
	Estimate	**SE**	**CR**
H1->Y	0.259	0.005	54.41*
H2->Y	0.847	0.016	54.41*

CR* = significant at .05 level

Correlations of Latent Variables (SE)			
	H1	**H2**	**Y**
1	1	0.492 (0.082)*	0.675 (0.058)*
2	0.492 (0.082)*	1	0.974 (0.004)*
	0.675 (0.058)*	0.974 (0.004)*	1

* significant at .05 level

GSCA Result for Full Model Measurement

X1

Model Fit	
FIT	0.518
AFIT	0.507
NPAR	9

Structural Model

Path Coefficients			
	Estimate	**SE**	**CR**
X1->Y	-0.056	0.091	0.61

CR* = significant at .05 level

Correlations of Latent Variables (SE)		
	X1	**Y**
X1	1	-0.056 (0.091)
Y	-0.056 (0.091)	1

- significant at .05 level

X2

Model Fit	
FIT	0.403
AFIT	0.395
NPAR	13

Structural Model

Path Coefficients			
	Estimate	**SE**	**CR**
X2->Y	0.347	0.080	4.36*

CR* = significant at .05 level

Correlations of Latent Variables (SE)		
	X2	**Y**
X2	1	0.347 (0.080)*
Y	0.347 (0.080)*	1

- significant at .05 level

X3

Model Fit	
FIT	0.464
AFIT	0.452
NPAR	13

Structural Model

Path Coefficients			
	Estimate	**SE**	**CR**
X3->Y	0.230	0.082	2.79*

CR* = significant at .05 level

Correlations of Latent Variables (SE)		
	X3	**Y**
X3	1	0.230 (0.083)*
Y	0.230 (0.083)*	1

- significant at .05 level

X4

Model Fit	
FIT	0.450
AFIT	0.438
NPAR	17

Structural Model

Path Coefficients			
	Estimate	**SE**	**CR**
X4->Y	0.362	0.087	4.13*

CR* = significant at .05 level

Correlations of Latent Variables (SE)		
	X4	**Y**
X4	1	0.362 (0.087)*
Y	0.362 (0.087)*	1

- significant at .05 level

X5

Model Fit	
FIT	0.502
AFIT	0.490
NPAR	9

Structural Model

Path Coefficients			
	Estimate	**SE**	**CR**
X5->Y	0.339	0.091	3.73*

CR* = significant at .05 level

Correlations of Latent Variables (SE)		
	X5	**Y**
X5	1	0.339 (0.091)*
Y	0.339 (0.091)*	1

- significant at .05 level

X6

Model Fit	
FIT	0.445
AFIT	0.433
GFI	0.991
SRMR	0.109
NPAR	17

Structural Model

Path Coefficients			
	Estimate	**SE**	**CR**
X6->Y	0.701	0.058	12.08*

CR* = significant at .05 level

Correlations of Latent Variables (SE)		
	X6	**Y**
X6	1	0.701 (0.058)*
Y	0.701 (0.058)*	1

- significant at .05 level

X7

Model Fit	
FIT	0.424
AFIT	0.411
NPAR	9

Structural Model

Path Coefficients			
	Estimate	**SE**	**CR**
X7->Y	0.247	0.226	1.1

CR* = significant at .05 level

Correlations of Latent Variables (SE)		
	X7	**Y**
X7	1	0.247 (0.226)
Y	0.247 (0.226)	1

- significant at .05 level

Full Model

Model Fit	
FIT	0.433
AFIT	0.423
NPAR	57

Structural Model

Path Coefficients			
	Estimate	**SE**	**CR**
X1->Y	-0.160	0.121	1.32
X2->Y	0.152	0.280	0.54
X3->Y	0.219	0.109	2.01*
X4->Y	0.032	0.125	0.25
X5->Y	0.145	0.127	1.14
X6->Y	0.745	0.083	8.97*
X7->Y	0.039	0.100	0.39

CR* = significant at .05 level

Correlations of Latent Variables (SE)								
	X1	**X2**	**X3**	**X4**	**X5**	**X6**	**X7**	**Y**
X1	1	-0.101 (0.281)	-0.173 (0.110)	-0.063 (0.101)	-0.044 (0.124)	0.229 (0.111)*	-0.133 (0.258)	-0.056 (0.091)
X2	-0.101 (0.281)	1	0.085 (0.165)	0.197 (0.205)	0.211 (0.187)	-0.007 (0.219)	0.112 (0.194)	0.222 (0.255)
X3	-0.173 (0.110)	0.085 (0.165)	1	0.425 (0.076)*	0.082 (0.117)	-0.106 (0.144)	0.360 (0.286)	0.220 (0.093)*
X4	-0.063 (0.101)	0.197 (0.205)	0.425 (0.076)*	1	0.563 (0.071)*	0.117 (0.172)	0.325 (0.296)	0.346 (0.090)*
X5	-0.044 (0.124)	0.211 (0.187)	0.082 (0.117)	0.563 (0.071)*	1	0.152 (0.139)	0.148 (0.170)	0.339 (0.099)*
X6	0.229 (0.111)*	-0.007 (0.219)	-0.106 (0.144)	0.117 (0.172)	0.152 (0.139)	1	-0.076 (0.243)	0.707 (0.087)*
X7	-0.133 (0.258)	0.112 (0.194)	0.360 (0.286)	0.325 (0.296)	0.148 (0.170)	-0.076 (0.243)	1	0.131 (0.208)
Y	-0.056 (0.091)	0.222 (0.255)	0.220 (0.093)*	0.346 (0.090)*	0.339 (0.099)*	0.707 (0.087)*	0.131 (0.208)	1

- significant at .05 level