

The Effect Of Knowledge Management, Innovation And Learning Organization On Business Performance And Competitive Advantage On Small And Medium Enterprises Riau Food Products In Pekanbaru City

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Abstract: The existence of such business competition makes the company faced with various opportunities and threats both coming from outside or from within the country. The population is the craftsmen of Riau small food industry domiciled in Pekanbaru City, which consists of 108 business units, use secondary data of Riau Food Association. The method of collecting primary data was done by interview method and questionnaire. The results showed that knowledge management has a significant positive effect on business performance, knowledge management has a non-significant positive effect on competitive advantage, innovation has a significant positive effect on business performance, innovation has a significant positive effect on competitive advantage, organizational learning has a significant positive effect on company performance, firm performance has a significant positive effect on competitive advantage.

Index Terms: Knowledge Management, Innovation, Learning Organization, Business Performance, Competitive Advantage, SME.

1 INTRODUCTION

The emergence of the free market era brings the impact of increasingly competitive business competition so that this condition spur the business world to be more concerned about the strategy being run (Waskita, et al., 2012). For that every company is required to always understand and understand what happens in the market and what the consumer wants, and the changes that exist in the business environment so as to achieve competitive advantage. This also applies to small and medium enterprises in Indonesia. According to the Law of the Republic of Indonesia Number 20 of 2008 the definition of Small Business is: a stand-alone productive economic enterprise undertaken by an individual or business entity which is not a subsidiary or not a branch of a company owned, controlled, or part of either directly or not directly from Medium Enterprises or Large Enterprises that meet the criteria of Small Business as referred to in this Law. While Medium Enterprises are Medium-sized Enterprises are stand-alone productive economic enterprises, conducted by individuals or business entities that are not subsidiaries or branches of a company owned, controlled, or become part directly or indirectly with the Small or Large Business with amount of net worth or annual sales proceeds as provided in this Law. Furthermore, the growth of SMEs in Riau itself experienced a growth of 7% per year, where currently there are 526,800 SME business actors (www.dumaiheadlines.com). One of the most developed SMEs in Riau Province today is the business of Riau food products. In general, this business provides a good contribution for the economic development in Riau.

Based on data from the Association of Food Riau (ASPARI) Year 2014 developments enthusiasts entrepreneurs who sell typical Riau food every year continue to show significant improvement. This is evident from the number of Riau food entrepreneurs in Riau until the end of Year 2014 of 325 entrepreneurs. Seeing the number of SMEs that produce or sell food typical of the area that developed at this time of course because of this business has its own advantages compared with other businesses, Riau food business excellence is among others (ASPARI 2014): 1. low fat typical local foods. 2. more natural/non-chemical. 3. lots of fiber. 4. the price is cheaper and affordable. However, apart from these advantages there are also some weaknesses possessed by this typical Riau food business, so that entrepreneurs in this typical Riau food business often get the risk of loss. The disadvantages of this typical Riau food business include (ASPARI 2014):

1. The production process is still much to use manual rather than develop with technology;
2. Composition and packaging of products that have not been innovative and creative.
3. Marketing of products that are still difficult;
4. Capital that is still lacking; and
5. Human resources are still minimal in the skills and knowledge.

Various types of food Riau food is a typical food processed native Riau who need to get attention from various parties to promote the existing SMEs in Riau, especially in Pekanbaru City. Seeing the advantages of SMEs such as this typical Riau food business makes this business became much in demand by business actors of the same kind. However, the significant development of this processed food business in Riau especially in Pekanbaru City again see whether the increase of quantity or quantity of this business is followed by the improvement of the quality of food business itself in running the business process. To create a high competitiveness of

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SMEs, it requires a high quality management, high quality management, then how it is needed to create value, in order to become a business that can create products (innovation and product creativity) that can attract consumers in the process of production . Therefore, in improving the value required the existence of good knowledge management and a product innovation, but it is also required organizational learning and organizational performance. Knowledge management is one of the important factors for SME development. In developed countries the success of SMEs is determined by the ability of knowledge management. Knowledge management is a process that helps organizations to find, select, organize, deploy, and transfer important information and expertise necessary for activities (Zaied, 2012). Furthermore, innovation is an aspect of organizational culture that reflects the level of openness of new ideas, rewards for workers for new ideas, learning abilities, the implementation of ideas into the real thing (Rhee, et al., 2010). Then organizational learning is a dynamic process in order to create, gain, and integrate knowledge, aimed at developing resources and capabilities that contribute to better corporate competitiveness (Lopez, et al., 2005). Furthermore, competitive advantage is a benefit strategy of companies that cooperate to compete more effectively in market place (Porter, 2008). Much research has been done with the aim to prove that knowledge management, innovation and organizational learning have an influence on company performance to achieve competitive advantage. And knowledge management, innovation, and organizational learning have a direct or indirect relationship to competitive advantage. But from several studies and journals that have been summarized there are some differences/gaps or research gap. The research of Chhoi, et al., (2008), Wulantika (2012), Afioni (2007), Lee and Lee (2007), Bogner, et al., (2007), Kosasih and Budiani (2007) significant and effective between knowledge management on company performance. Then Kautsar (2012), Anthony, et al., (2009), Aldi (2005), Dewi (2013), Anshori (2005), and Fifi, et al., (2013) states that knowledge management has an influence on the competitive advantage of an organization. implementation knowledge management can be a solution for SMEs, in addition to improving achievements can also improve the competitiveness of SMEs. With the use of knowledge management, will give a positive influence on the company's competitive advantage. On the contrary, Siadat, et al., (2012) indicates that there is no significant relationship between knowledge management and competitive advantage which is done by two factors, namely cultural factor and success factor. Various studies have been conducted with the aim to prove the effect of innovation on company performance. Tsai, et al., (2005), Chen, et al., (2007), Han, et al., 1998 (Sismanto, 2006), Prakoso (2005), Salim, et al., (2011) the relationship between innovation and organizational performance. However, in the Darroch (2005) study, it has concluded that innovation has no significant effect on company performance. Furthermore, previous research also suggests a relationship between innovation to competitive advantage. Yulianto (2013) and Wahyono (2002) in Hapsari (2014), Suliyanto (2011), Dewi (2006) in his research explained that continuous innovation in a company is a basic need which in turn will lead to the creation of competitive advantage and the company's willingness to develop its product innovation has an impact on improving the company's ability to face competition. However, the research is different from the results of research conducted by Hery, et al., (2007)

states that innovation is not proven to have a significant influence on competitive advantage. This means to achieve the competitive advantage of an organization of innovation variables of the organization is not widely influential. In developing SMEs, it is also necessary for organizational learning. Baker's research, et al., (2002) in Sari (2014), Anshori (2011) states that organizational learning has a significant effect on company performance. This proves that the new trainings and knowledge gained are able to change the behavior and open the insights of individuals to think about a change. But Makrufah (2011) research states that the culture and learning of the organization does not fully represent the factors of employee performance improvement, so there are other factors as factors which can improve employee performance. Furthermore, in studies that have been done that competitive advantage is also greatly influenced by organizational learning. Ho (2008), Wang, et al., (2003) in Hapsari (2014), Lopez, et al. (2005), Njuguna (2009) found evidence that empirically organizational learning has a positive influence on the firm's core competencies, at where building and developing competencies can only be done through organizational learning. This is because the learning-oriented organization will cause the organization to quickly reconstruct its resources to focus on opportunities or threats.

2 PROCEDURE FOR PAPER SUBMISSION

2.1 Knowledge Management Relationship to Company Performance

Choi, et al., (2008) analyzes knowledge management strategies based on their sources. The results show that firms can benefit from knowledge management by applying internal or strategy-oriented knowledge management. That is, it incorporates an internal-oriented implied strategy and explicitly external-oriented knowledge. The result, showing a complementary relationship, which means to prove the effect of knowledge management strategy on company performance. Afioni (2007) argues that combining human resource management initiatives with knowledge management will help improve the company's performance. While Lee, et al., (2007) found that there is a significant relationship between knowledge management and performance processes. Aldi (2005) also stated that knowledge management is an organizational strategic advantage needed as a capital base to support organizational strategy. Furthermore, Bogner, et al., (2007) demonstrated that there are three components of a knowledge management system that affect company performance, namely: the ability of a company to generate new knowledge, to build that knowledge, and to seize the opportunity for the development of that knowledge effectively. Transfer of knowledge within the organization manifests itself through changes in the knowledge or performance of the receiving unit. Thus, knowledge transfer can be measured by measuring changes in knowledge or changes in performance.

2.2 Knowledge Management Relationship to Competitive Advantage

Anthony et al., 2009 in his research states that policy has emerged as a major domain in the field of creating more knowledge management knowledge so that knowledge management is increasingly highlighted in the literature as the main and primary source of competitive advantage for organizations. Knowledge management can be integrated

externally through a relational network that includes organizational boundaries. These networks provide effective mechanisms for accessing and integrating new knowledge, but they may not do so quickly to keep up with competitive changes. Later in the study Aldi, et al., (2005) explained that the leading management theorists and organizations have popularized the concept of knowledge management as a competitive advantage. They suggest that in order to remain competitive, organizations must efficiently and effectively create, locate and capture and share their knowledge and expertise to apply knowledge in solving problems and exploiting opportunities. Award and institutionalization of knowledge and learning roles is an effective approach to building the foundation of an organization's competitive ability. Fifi research, et al., (2013) shows that knowledge management has a significant influence on competitive advantage. This result means that with the use of knowledge management, it will have a positive effect on the company's competitive advantage. Further Kautsar (2012) on the results of his research mentions that various problems often appear that inhibit the growth and development of SMEs. The problem comes from both outside and inside the SME itself. One of the problems in the internal environment of SMEs is the limited mastery of knowledge. In addition, the existence of SMEs is increasingly threatened when large companies through high quality and highly competitive products with affordable offer prices entering the Indonesian market. Therefore a simple solution can be implemented to address this challenge. One way is to create competitiveness through the implementation of Knowledge Management in SMEs.

2.3 Relationship of Innovation to Performance

Amabile (1996) in Andreas (2012) says that innovation as a successful application of creative ideas within the company. Innovation is a corporate mechanism to adapt in a dynamic environment. Therefore, the company is required to be able to create new assessments and ideas and offer innovative products. According to Hurly, et al., (1998) in Sismanto (2006) innovation is a corporate mechanism to adapt to a dynamic environment. Therefore, the company is required to be able to create new thoughts, new ideas by offering innovative products and improved service that can satisfy. Han, et al., (1998) in Sismanto (2006) said that innovation positively and significantly affect the performance of the company. By continuously improving innovation, it will be more beneficial to the organization because the process of continuous innovation development that will create the future of the organization to a better direction. Furthermore, according to Tsai, et al., (2005) and Chen, et al., (2007) say that the relationship between innovation and organizational performance is the higher level of corporate innovation, the higher the organization or business performance. Matear, et al., (2002) in Anggraini (2014) says when the company is more market-oriented, innovation activities make a greater contribution to performance. Mavondo, et al., 2005 says innovation is considered important for its contribution to business performance. Product innovation is believed to be able to increase the sales, profit and competition of a business organization (Silvadas, et al., 2000) in Sismanto (2006), but innovation product development also means to be more expensive and risky to the company, precise and accurate between the marketing and production sections to be able to make innovative and appropriate products for the market.

2.4 The Relationship of Innovation To The Competitive Advantage

Wahyono (2002) in Hapsari (2014) explains that continuous innovation within an enterprise is a basic need which in turn will lead to the creation of a competitive advantage. Dewi (2006) shows that the company's willingness to develop its product innovation has an impact on improving the company's ability to face the competition. Thus, product innovation can serve as the source of the company's competitive advantage. Sulyanto (2011) points out that technical innovation has a positive effect on competitive advantage, but administrative innovation has no positive effect on competitive advantage. Thus, innovation can serve as a source of corporate excellence. Further research Hery, et al., (2007) states that innovation is not proven to have a significant influence on competitive advantage. This means to achieve the competitive advantage of an organization of innovation variables of the organization is not widely influential. However, the results of this study are also contrary to the results of research from Yulianto (2013) that innovation has a significant influence on competitive advantage. According to Han, et al., (1998) in Sismanto (2006) states that innovation is basically to meet market demand so that product innovation is one that can be used as a competitive advantage for the company.

2.4 Organizational Learning Relationship to Performance

There has been much research done on the relationship between organizational learning and company performance. In general, the influence of organizational learning on corporate performance will be stronger if supported by market orientation as the growing organization of business environment that forces companies to respond to organizational environmental information that appears quickly any changes that occur. Baker's research, et al., (2002) in Sari (2014) has revealed that organizational learning has a positive relationship to firm performance. Anshori (2011) also stated that organizational learning has a significant effect on company performance. This proves that the new training and knowledge gained are able to change the behavior and open the insights of individuals to think of a change. Learning will continue to be remembered and implemented for a long time. By continuing to improve learning through training and new knowledge, it will further benefit the organization because the process of continuously developing human resources will create the future of the organization towards the better.

2.5 Organizational Learning Relation to Competitive Advantage

In a competitive market, resource prices can be easy to bid so no company can maintain a competitive edge in the long run. Therefore, the company concentrates on explaining the nature of organizational learning resources resulting in sustainable competitive advantage. To that end, the theories have moved away from the corporate model as a collection of tangible assets of land, capital, and labor. In contrast, Ho (2008) states the company is viewed as a collection of specialized organizational learning skills, so as not to be imitable easily by competitors, and gain a source of sustainable competitive advantage so that organizational learning affects the competitive advantage of a company. Then Hapsari (2014) on the results of his research also shows that organizational learning, significantly influence the competitive advantage. In

order to gain competitive advantage, leaders must be able to improve their learning capacity, by providing opportunities to improve their knowledge on how to work better through education and training, in addition to developing themselves in science and technology as well as fostering group discussions.

2.6 Company Performance Relation to Competitive Advantage

Company performance according to Ferdinand (2000) in Sari (2014) is a common construct used to measure the impact and strategy of the company. According to Slater's opinion, et al., (2002) in Sari (2014) suggests there are 3 performance measurement criteria namely effectiveness, efficiency and adaptability. Leading companies are believed to have something special and hard to imitate to enable them to outperform their competitors. If the company's specific resources and advantages produce economic excellence and can't be duplicated by competitors, then these resources are a potential resource for competitive advantage (Barney, 2006). Therefore, in order to achieve competitive advantage must have organizational competence, which means that existing resources in business organizations there are performance improvements. Under these conditions, if a business institution there is an increase in performance both input and output aspects and managerial meaning to have an irreplaceable value. Competitive advantage can be obtained largely from resources and capital. The resources in question are the strengths and weaknesses of corporate performance, while capital is defined as the ability of companies in managing the resources they have to work together like a team of one department or in other words high low, the company's performance will affect the high competitive advantage of the company. Based on the research of Day, et al., (2000) in Sari (2014), which says that there is a positive influence between the performance of the company with competitive advantage.

3 THEORETICAL FRAMEWORK

Knowledge management is a process that helps organizations to find, select, organize, deploy, and transfer important information and expertise necessary for activities (Zaied, 2012). Then Choi, et al., (2008), Wulantika (2012), Afioni (2007), Lee and Lee (2007), Bogner, et al., (2007), Kosasih and Budiani (2007) which is significant and effective between knowledge management on company performance. Research Kautsar (2012) and Anthony, et al., (2009), Aldi (2005), Dewi (2013), Anshori (2005), and Fifi, et al., (2013) state that knowledge management has an influence on competitive advantage on an organization. Implementation knowledge management can be a solution for SMEs, in addition to improving achievements can also improve the competitiveness of SMEs. With the use of knowledge management, will give a positive influence on the company's competitive advantage. Innovation is needed in developing a business, especially SMEs in order to be able to make the business survive in the era of globalization. Robbins (2002) in Samsir, et al., (2013) defines innovation as a new idea applied to initiate or improve a product or process and service. The relationship of innovation to firm performance is expressed in Tsai, et al., (2005), Chen, et al., (2007), Han, et al., (1998) in Sismanto (2006), Prakoso (2005), Salim, et al., (2011) that there is a relationship between innovation and organizational performance. Then how is the relationship of innovation with

competitive advantage. Yulius (2013) and Wahyono (2002) in Hapsari (2014), Sulyanto (2011), Dewi (2006) in his research explained that the innovation of creating competitive advantage and the company's willingness to develop product innovation has an impact on the company's ability to face competition. In an organizational learning relationship to competitive advantage, Baker, et al., (2002) in Sari (2014), Anshori (2011) stated that organizational learning has a significant effect on company performance. This proves that the new training and knowledge gained are able to change the behavior and open the insights of individuals to think of a change. Furthermore, in the organizational learning relation to competitive advantage, Ho (2008), Wang, et al. (2003) in Hapsari (2014), Lopez, et al., (2005), Njuguna (2009) in his research found evidence that empirically organizational learning has a positive influence on the core competencies of the company, where building and developing competencies can only be done through organizational learning. Company performance is a measure of the success of a company that is measured every timeframe that has been determined. Ferdinand's research, et al., (2000) in Anggraini (2014) says there is a positive influence between company performance and competitive advantage. If the company's specific resources and advantages produce economic excellence and are not imitated by competitors, then these resources are potential resources to achieve competitive advantage (Barney, 2006). Based on the above-mentioned thinking, the research model proposed as the basis for this research is as follows:

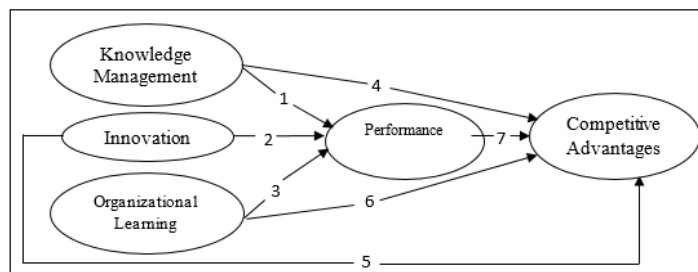


Figure 1 : Theoretical Framework

4 RESEARCH METHODOLOGY

In this study, the population is the craftsmen of Riau small food industry domiciled in Pekanbaru City, which consists of 108 business units (Secondary Data of Riau Food Association, 2014) and as good as sample in this research. The method of collecting primary data was done by interview method and questionnaire. The interview technique is intended to obtain preliminary data (preliminary study) which aims to get more detailed information in relation to the subject of research and research object. While the questionnaire/questionnaire used to obtain data from respondents, because the method used in this study is by survey. Hypothesis testing is done by using path analysis model and data processing using SPSS 17.00 program. Path analysis is the basic model used to analyze the path in estimating the strength of the causal relationships described in the path model. Path analysis is used because there is suspected correlational correlation between independent variables, so there is direct and indirect influence on dependent variable.

Operational Variable

- 1) Knowledge management is a process that helps organizations to find, select, organize, distribute, and transfer important information and expertise necessary for activities. Knowledge management uses six indicators that are sourced Shannak, (2009) that is Knowledge sharing behavior, Awareness of knowledge, participation in activity, efficiency of knowledge, contribution to knowledge management, usability (easy to apply).
- 2) Innovation, in this research is an aspect of organizational culture that reflects the level of openness of new ideas, rewards for workers for new ideas, learning ability, the implementation of ideas into the real thing. Rhee, et al., (2010).
- 3) Organizational Learning is a dynamic process in order to create, gain, and integrate knowledge, aimed at developing resources and capabilities that contribute to better enterprise performance (Lopez, et al., 2005). Indicators used to encourage organizational learning are sourced Continuous learning (Jyothisbabu, et al., 2010) is investigation and dialogue, team learning, support for employees, and strategic leadership for learning.
- 4) Business Performance is a company achievement measured in the form of achievement of the results of its profitability (Ferdinand 2000), indicator used sourced in Baker and Sinkula, (2002), Hadjimanolis (2000), Sari (2014) that is, the success of new products, growth sales, and growth of market share.
- 5) Competitive Advantage is a company strategy that cooperates to compete more effectively in market place. Indicators used in this research are cheap product price, better quality and design from competitor, able to fulfill consumer needs and desires, and continuous innovation (Hitt, et al., 2001).

5 RESEARCH RESULT AND DISCUSSION

Knowledge Management Relationship to Business Performance. The results showed that knowledge management has a significant positive effect on business performance. This means that the better the knowledge management that is owned by small and medium enterprises, the better the business performance. These results also show that the level of knowledge management of small business entrepreneurs typical of Riau food in Pekanbaru City is high. Business actors have an awareness that knowledge is very important in developing a business, so that the participation of business actors in every business activity for knowledge improvement is a concern to be improved. Increased knowledge undertaken by small and medium enterprises will be able to improve business performance on business they do. From the result of the research, it is seen that 6 indicators as a measure of knowledge management, which is considered important by SMEs of Riau food products in Pekanbaru City are: awareness of knowledge, participation in knowledge activity and efficiency due to knowledge, knowledge sharing behavior, contribution to knowledge management and usability (easy to use). The results of this study are consistent with the findings of the research conducted by Choi, et al., (2008), Wulantika (2012), Afioni (2007), Lee and Lee (2007), Bogner, et al. (2007), Kosasih and Budiani 2007) that there is a significant and effective relationship between knowledge management and performance. Knowledge Management Relationship to Competitive Advantages The results show that knowledge management has a non-significant positive effect

on competitive advantage. This means that the more knowledge management possessed by business actors will increase the competitive advantage. From the research result, it can be seen that the main thing that the businessmen need to improve in knowledge management to achieve competitive advantage is the participation of small and medium business entrepreneurs of Riau food products in Pekanbaru City in seeking knowledge either by self study or obtained from outsiders such as consumers, of other associations. So with the increased participation of business actors are expected business actors are able to meet the needs and desires of consumers to achieve competitive advantage small and medium businesses typical food products Riau in Pekanbaru City. This study is consistent with research findings conducted by Kautsar (2012), Anthony, et al., (2009), Aldi (2005), Dewi (2013), Anshori (2005), and Fifi, et al., (2013) knowledge management has an influence on the competitive advantage of an organization. Implementation of management knowledge can be a solution for small and medium businesses typical Riau food products in Pekanbaru City, in addition to improving achievement can also improve competitiveness. With the use of knowledge management will have a positive impact on the company's competitive advantage. On the other hand, the results of this study are not in line with the research conducted by Siadat, et al., (2012) where it is found that there is no significant relationship between knowledge management to competitive advantage which is done by two factors namely cultural factor and success factor.

Innovation Relationship to Business Performance.

The results showed that innovation has a significant positive effect on business performance. This can be interpreted that innovation can improve business performance. The results of this study indicate that business performance plays a moderating role that makes innovation produce a greater positive total effect on competitive advantage, with the resulting total effect assessed to be within a large and significant influence category. Of the 3 indicators used as a measure of innovation that is considered important by small and medium business entrepreneurs Riau food products in Pekanbaru city that is: the search for new ideas, rewards for workers for new ideas and implementation of ideas become real, Third indicator shows that the high level of innovation from small and medium business entrepreneurs Riau food products in Pekanbaru City. However, business actors are only optimal in the search for new ideas. Where the search for new ideas is dominated by business actors, so the rewards for workers for new ideas become the main thing that needs to be improved. The benefits can not only be given in the form of material, but the business actor can be granted by accepting open feedback from employees regarding the ideas presented. In this case the employee will feel appreciated and happy to convey his ideas. Thus employees will contribute in realizing these ideas into products that suit the needs and desires of consumers. In addition, in realizing these ideas, business actors are considered necessary to carry out a series of product innovations offered to consumers with sustainable, both from variants, packaging, raw materials and so because of the results of this study, many flavor variants that have changed but far from the characteristics of the product, the form of unattractive and unkempt product packaging that makes consumers reluctant to buy the product, the raw material making the product experience changes and

reductions that make the quality of the product decreased, so that in the end products offered can not increase sales and give effect positive to company performance. Further research results also indicate the suitability and incompatibility of previous research results. Where the results of this study proves Darroch (2005) research that innovation has no significant effect on company performance. Although Amabile, 1996 (Andreas, 2012), Tsai, et al., (2005), Chen, et al., (2007), Hurry, et al., 1998 and Han, et al., 1998 (Sismanto, 2006) , Prakoso (2005), Salim, et al., (2011), Matear, 2002 (Angraini, 2014), Mavondo, et al., 2005 says that there is a relationship between innovation and company performance.

Innovation Relationship to Competitive Advantage.

The results show that innovation has a significant positive effect on competitive advantage. It can be interpreted that the better the innovation by small and medium business of Riau food product is better the competitive advantage. From the results of this study also shows that the main thing that should be improved business actors in innovation to achieve competitive advantage is the reward for workers to new ideas that is by receiving feedback from employees related ideas submitted. Thus expected employees will contribute in realizing these ideas into products that suit the needs and desires of consumers. In realizing these ideas, business actors are considered necessary to carry out a series of product innovations offered to consumers with sustainability, both from variants, packaging, raw materials, etc. From the results of this study, many flavored variants that have changed but are far from the characteristics of the product, the form of unattractive and unkempt product packaging that makes consumers reluctant to buy the product, the raw materials making products experience changes and reductions that make the quality of products decreased, so that in the end products offered can not optimally meet the needs and desires of consumers and compete with other typical food products. The results of this study are in line with the findings of previous research which suggests a relationship between innovation to competitive advantage ie research conducted by Yulianto (2013) and Wahyono (2002) in Hapsari (2014), Han, et al., 1998 (Sismanto, 2006) Suliyanto (2011), Dewi (2006) that continuous innovation in a company is a basic requirement which in turn will lead to the creation of competitive advantage as well as the company's willingness to develop its product innovation has an impact on improving the company's ability to face the competition. However, the results of this study are not in line with research conducted by Hery, et al., (2007) that innovation is not proven to have a significant effect on competitive advantage. So the results of this study further clarify that the difference of place, time, product categories and so forth can give different results.

Organizational Learning Relationship to Business Performance.

The results showed that organizational learning has a significant positive effect on company performance. This means the better the organization's pursuit will be the better the business performance. Organizational learning conducted by small and medium businesses typical Riau food products can improve the performance of their business. The results of the research show that the 5 indicators used as an organizational learning measure are considered important by small and medium business entrepreneurs of Riau food

products in Pekanbaru City: sustainable learning, inquiry and dialogue, team learning, employee support and leadership to learn . The results of the average count of the fifth indicator that the high level of learning organization of small and medium business entities Riau food products typical. However, providing full support to employees who want to develop themselves become the main thing that needs to be improved. The lack of support from business actors towards employees is in line with the lack of opportunities given by business actors to employees to convey new ideas related to product innovation on offer. This research is in line with the findings of Baker's research, et al., (2002) in Sari (2014), Anshori (2011), Lopez, et al., (2005), that organizational learning has a positive and significant effect on company performance. However, the results of this study do not prove the findings of Makrufah (2011) study, that organizational learning does not fully represent the factors of employee performance improvement, so there are other factors as factors that can improve employee performance.

Organizational Learning Relationship to Competitive Advantage.

The research results show that the main thing that should be improved business actors in organizational learning to achieve competitive advantage is to provide full support to employees who want to develop themselves by giving opportunities to employees to convey new ideas related to product innovation to meet the needs and desires of customers so that achieved competitive advantage of his business. The results of this study are in line with the findings of Hapsari (2014), Ho (2008), Novel, et al, (2002), Farrel and Mavando (2003), and Li An-Ha (2008) studies, that organizational learning significantly influences competitive.

Relationship of Business Performance to Competitive Advantage.

The results of this study indicate that firm performance has a significant positive effect on competitive advantage. This means that the competitiveness of small and medium businesses typical of Riau food products will increase along with the improvement of business performance. Furthermore, from the results of research shows that 3 indicators as a measure of company performance is considered important by small and medium-sized food products typical of Riau in Pekanbaru City are: product success, perceived overall performance and market share growth. Then from these results also seen that the level of corporate performance of SMEs Typical Food Products Riau in Pekanbaru City is high. Nevertheless, the results of this study indicate that the success of selling new products offered is not in line with the increase in average sales during the last 2 years, so the increase in average sales to achieve competitive advantage of small and medium businesses Riau food products need to be a concern to be improved. The results of this study are in line with research conducted by Ferdinand (2000) in Anggraini (2014), Day, et al., (2000) in Sari (2014), Slaten, et al., (2002) in Sari (2014) a positive influence between company performance and competitive advantage. The results of this analysis and testing also support the opinion expressed by Barney (2006) which states explicitly that the company's performance has a positive and significant impact on competitive advantage. The results of this study are supported by research (Day and Wensley 1988) and (Ferdinand 2000)

which says there is a positive influence between the company's performance with competitive advantage.

6 CONCLUSIONS AND SUGGESTION

6.1 CONCLUSIONS

Based on the discussion of research results it can be taken some conclusions as follows:

- 1) Knowledge management affects business performance, meaning better knowledge management within a company, then business performance will increase. This means that the improvement of business performance in small and medium businesses of Riau food products in Pekanbaru City will directly increase significantly as the increase of knowledge acquisition and knowledge dissemination by employees in small and medium enterprises.
- 2) Knowledge management affect the competitive advantage. This means that the better the knowledge management within a company, then the competitive advantage will increase. This means that good knowledge and disseminating it to others such as employees and responding to any development of knowledge will increase competitive advantage for the company.
- 3) Innovation has an insignificant effect on the performance of small and medium businesses of Riau food products in Pekanbaru City. This means that the implementation of innovation that is shamed by the business owner has not had a big impact on the improvement of business performance.
- 4) Innovation has an effect on competitive advantage, meaning innovation by small and medium enterprises in responding to change will give impact to competitive advantage.
- 5) Organizational learning has an effect on business performance, meaning that the performance of small and medium business of Riau food product in Pekanbaru City will increase along with improvement of organizational learning.
- 6) Organizational learning has an effect on competitive advantage, meaning that improvement and understanding of good organizational learning will increase competitive advantage for small and medium business of Riau food product in Pekanbaru City.
- 7) Performance of business influence to competitiveness, meaning the better the performance of the meal will be better competitiveness of small and medium businesses typical food products Riau in Pekanbaru City.

SUGGESTION

1. For SMEs Typical Food Products Riau in Pekanbaru City
 - a) The actors of SMEs need to make improvements and improvements in knowledge management it has, especially on increasing the participation of business actors in every company activity such as seminars, workshops etc. in order to improve knowledge management possessed.
 - b) SME actors need to make improvements and improvements to the innovations it has, especially prioritized on: Giving rewards to employees who have ideas related to product innovation. Therefore, business actors not only focus on the search for new

ideas, in the sense that the search for new ideas is not dominated by business actors only, but provides an opportunity for employees to be able to provide ideas related to the improvement of product innovation. Approach kinship to employees, so employees are more open to convey ideas of innovation owned or known.

- c) Implementation of a series of new ideas related to innovation by involving all employees on SMEs, so the results obtained will be maximized because all parties participate in realizing these ideas into products needed and desired by consumers.
- d) In realizing ideas related to innovation, business actors are considered necessary to carry out a series of product innovations offered to consumers with sustainability, both from variants, packaging, raw materials etc., so that in the end products offered can increase sales and meet the needs and desires of consumers.
- e) SME actors need to make improvements and improvements in the company's performance, especially prioritized on: Increase in average sales of the company. Where this increase reflects that the business actor has been able to meet what the needs and desires of consumers desire.

TABLE 1: UNITS FOR MAGNETIC PROPERTIES

Symbol	Quantity	Conversion from Gaussian and CGS EMU to SI ^a
Φ	magnetic flux	$1 \text{ Mx} \rightarrow 10^{-8} \text{ Wb} = 10^{-8} \text{ V}\cdot\text{s}$
B	magnetic flux density, magnetic induction	$1 \text{ G} \rightarrow 10^{-4} \text{ T} = 10^{-4} \text{ Wb/m}^2$
H	magnetic field strength	$1 \text{ Oe} \rightarrow 10^3/(4\pi) \text{ A/m}$
m	magnetic moment	$1 \text{ erg/G} = 1 \text{ emu}$ $\rightarrow 10^{-3} \text{ A}\cdot\text{m}^2 = 10^{-3} \text{ J/T}$
M	magnetization	$1 \text{ erg}/(\text{G}\cdot\text{cm}^3) = 1 \text{ emu/cm}^3$ $\rightarrow 10^3 \text{ A/m}$
$4\pi M$	magnetization	$1 \text{ G} \rightarrow 10^3/(4\pi) \text{ A/m}$
σ	specific magnetization	$1 \text{ erg}/(\text{G}\cdot\text{g}) = 1 \text{ emu/g} \rightarrow 1 \text{ A}\cdot\text{m}^2/\text{kg}$
j	magnetic dipole moment	$1 \text{ erg/G} = 1 \text{ emu}$ $\rightarrow 4\pi \times 10^{-10} \text{ Wb}\cdot\text{m}$
J	magnetic polarization	$1 \text{ erg}/(\text{G}\cdot\text{cm}^3) = 1 \text{ emu/cm}^3$ $\rightarrow 4\pi \times 10^{-4} \text{ T}$
χ, κ	susceptibility	$1 \rightarrow 4\pi$
χ_p	mass susceptibility	$1 \text{ cm}^3/\text{g} \rightarrow 4\pi \times 10^{-3} \text{ m}^3/\text{kg}$
μ	permeability	$1 \rightarrow 4\pi \times 10^{-7} \text{ H/m}$ $= 4\pi \times 10^{-7} \text{ Wb}/(\text{A}\cdot\text{m})$
μ_r	relative permeability	$\mu \rightarrow \mu_r$
w, W	energy density	$1 \text{ erg/cm}^3 \rightarrow 10^{-1} \text{ J/m}^3$
N, D	demagnetizing factor	$1 \rightarrow 1/(4\pi)$

Statements that serve as captions for the entire table do not need footnote letters.

^aGaussian units are the same as cgs emu for magnetostatics; Mx = maxwell, G = gauss, Oe = oersted; Wb = weber, V = volt, s = second, T = tesla, m = meter, A = ampere, J = joule, kg = kilogram, H = henry.

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