

INNOVATION AS THE KEY TO SUCCESSFUL MUSLIM WOMEN ENTREPRENEURS

Nur Laily*¹, Triyonowati², Suwitho³, Dyah Poespita Ernawati⁴

¹⁻³Sekolah Tinggi Ilmu Ekonomi Indonesia Surabaya, Indonesia

⁴Institut Pemerintahan Dalam Negeri (IPDN) Jatinangor

Citation (APA 7th): Laily, N., Triyonowati, T., Suwitho, S., & Ernawati, D. P. (2022). The Role of Innovation as the Key to Successful Muslim Women Entrepreneurs. *Jurnal Minds: Manajemen Ide Dan Inspirasi*, 9(1), 91-108.
<https://doi.org/10.24252/minds.v9i1.26200>

Submitted: 03 January 2022

Revised: 25 & 27 April 2022

Accepted: 28 April 2022

Published: 9 May 2022



Copyright: © 2022 by the authors.

ABSTRACT: Muslim women can run their businesses to support the family economy and the country's economy. This study aims to determine the effect of Knowledge Sharing and Social Capital on Innovation and Business Performance. The population in this study is Muslim women as owners of SMEs in Indonesia. Three hundred seventeen respondents were selected using specific criteria. The data was obtained by using a questionnaire—data analysis using PLS-SEM. The results showed that Knowledge Sharing and Social Capital affected Innovation and Business Performance. Besides that, innovation can be a mediator of Knowledge Sharing and Social Capital influencing business.

Keywords: Knowledge Sharing; Social Capital; Innovation; Business Performance; Muslim Women; Entrepreneurs

*Corresponding Author : nurlaily@stiesia.ac.id

DOI: 10.24252/minds.v9i1.26200

ISSN-E: 2597-6990

ISSN-P: 2442-4951

<http://journal.uin-alauddin.ac.id/index.php/minds>

Publisher: Program Studi Manajemen, Universitas Islam Negeri Alauddin Makassar 91

INTRODUCTION

Islam regulates all human activities, including interactions with others, and lays down what they can and cannot do. In business, all transactions must be based on *Shariah* laws, which are in place to ensure that business owners obtain halal income, be blessed by Allah SWT, and achieve a fair welfare distribution. Therefore, the ethics and rules associated with *Shariah* business also play an essential role in the *Shariah*-based industry.

The word for business is *Tijarah* in the Qur'an. This is not only material in nature, or merely for material gains, but also covers the immaterial, including person-to-person relationships and one's personal relationship with Allah SWT. The Islamic view of Muslim women doing business offers very positive values and tends to motivate and enthuse some of them to become entrepreneurs. The position of women's privileges in business is secular and provides a proud part for Islamic women who work hard to support their families (Permatasari & Nafik, 2015). Women have been in business for a long time. The business world is challenging, competitive, and risky, but women believe they can run their own businesses as well as men. Most successful entrepreneurs are men, but many women picture successful entrepreneurial endeavours, too.

In Islamic history, a successful Islamic woman is exemplified by Rasulullah's wife, Siti Khadijah, a businesswoman and a perfect role model for all Islamic women worldwide, motivating Muslim women to run their businesses and succeed (Ziyad, 2013). A successful enterprise can be created by Muslim women by using innovation as an entrepreneurial challenge and taking the opportunity to achieve entrepreneurial sustainability and competitive advantage (Efawati, 2020). Innovation is an essential element that must be woven into business practices. The innovation process starts with the generation of ideas and continues through to the implementation by individuals or a group so that everyone involved embodies innovative behaviors, assisted by psychological support. Innovation is known as converting the knowledge of a group of individuals or corporate members from a production process to a product on the market (Hassan & Raziq, 2019).

Knowledge is necessary as intellectual capital for entrepreneurs to achieve their business goals. Trivellas et al. (2015) showed that a knowledge-sharing culture could develop new general skills for individuals and hone existing skills. Such knowledge exchange needs to address the information and knowledge needs of employees, and social capital facilitates the swap and combination of knowledge from one party to another within a company. Hsiao et al. (2011) define social capital as "an important resource for individuals and can strongly impact their ability to act and their quality of life." Female Muslim entrepreneurs who participate in the entrepreneurial community share knowledge and social capital about running a company, and this knowledge exchange creates innovation and creativity and improves business performance. The use of social capital plays a significant role in improving business performance.

Previous studies applied to large corporations on knowledge sharing and innovation capability show that the collecting and donating of knowledge

significantly impacts innovation capability (Lin, 2007). Knowledge sharing between members of an organization tends to lead to new ideas for the development of processes and product innovations (Mehrabani & Hassanpouraghdam, 2012; Alhuseini & Elbeltagi, 2013). On the other hand, ICT-based knowledge collecting does not generate innovative new ideas (Saenz, 2012).

However, the research on the effect of social capital on business performance shows a variety of influences. Hartono, Soegianto, and Hindarwati (2013) indicate that social capital does not affect performance at all, and a survey by Winarni (2011) shows only a weak link between social capital and performance. Meanwhile, according to a study by Khoirriini and Kartika (2016), social capital has a positive impact on the performance of small and medium-sized enterprises (SMEs).

This study considers SMEs run by female Muslim entrepreneurs. It is essential as such businesses provide employment for Muslim women, increase incomes, and increase the range and output of products, created with local wisdom. Within all the restrictions of Shariah law, female Muslim entrepreneurs need to improve their innovative capabilities through knowledge sharing and create resilient and robust SMEs with clear competitive advantages.

THEORETICAL REVIEW

Business Performance

The success of their business performance usually measures entrepreneurial performance. According to Bernardin dan Russel (1993:379), it is a record of revenues generated from the function of a particular job or activity over a certain period. Therefore, performance in terms of work done by employees over a while. In this case, implementation refers to the quantity and quality of service provided. Byars (1984:311) states that performance results from efforts achieved through the presence of skills and actions in certain situations. Alternatively, performance results from a relationship between struggle, ability, and task performance.

One of the pillars of business performance is marketing; good marketing performance produces good business performance. Marketing performance is a commonly used factor in measuring the impact of the strategies that companies implement (Ferdinant & Fitriani, 2015). Businesses measure marketing performance in terms of financial results, consumer behavior, competitive markets, consumer attitudes, and number of customer (O'Sullivan & Abela, 2007). According to O'Sullivan and Abela (2007), top management's measurement of marketing performance is financial results (financial), competitive market, consumer behavior, consumer attitude, and direct customer, presented to improve marketing performance and increase marketing influence within the company. Marketing performance is a fundamental element in adopting and practicing performance management. Marketing organizations use performance management to ensure that it contributes to the organization's

results and measures the progress of activities towards these goals to improve performance and business impact (Patterson & Koller, 2011). The company's performance is the result of the company's goals achieved through the effectiveness of the applied strategies and methods (Fairoz et al., 2010); Chung et al. (2012) describe corporate performance in terms of profit, sales growth, product quality, service of new products that are successful in the market, and return on investment (ROI). Business development is generally expected to improve due to increased sales and customers compared to the previous year.

Knowledge Sharing

Knowledge is an organized collection of information about areas that are already understood and that can be shared among members to create corporate value and double knowledge (Tsai & Liao, 2014). Knowledge management is defined as creating, acquiring, capturing, sharing, and using knowledge to improve learning and organizational performance (Scarborough, Swan, & Preston, 1999). Sharing has been adopted from "Toward a Knowledge-Based Theory" (Pangil & Chan, 2014): Tacit Knowledge and Explicit Knowledge. According to Nonaka (1991), tacit knowledge is not easily seen and expressed, is very personal, difficult to formulate and codify, and is stored in the human brain, making it difficult to communicate and share with others. This form of knowledge is the most critical for creativity and innovation. Explicit knowledge, on the other hand, can be expressed in words and numbers and can be easily conveyed in various forms. Making an explicit change from tacit knowledge to explicit knowledge is to form an organizational culture of knowledge sharing among all members. According to Tobing (2007:9), knowledge sharing is the act of disseminating and providing knowledge at the right time for employees in need.

According to Akhavan and Hosseini (2016), knowledge exchange is based on individual relationships within a community where individuals interact through virtual or personal spaces, groups, and forums and share knowledge with others. In addition to maximizing learning, exchanging knowledge can also allow for the acquisition and creation of new knowledge. Knowledge exchange is considered a crucial process in knowledge management as it leverages an individual's ability to expand an organization's knowledge, and this knowledge transfer process is reciprocal. According to Akram et al. (2016), knowledge exchange can be described as contributing to an organization's knowledge base by enriching existing knowledge. It is also seen as a strategy that promotes increased productivity, improves performance, minimizes employee turnover, improves talent, and increases innovation and creativity (Razaka et al., 2016). Knowledge management refers to how an organization processes knowledge at different stages. There are four main processes: knowledge discovery, knowledge acquisition, knowledge sharing, and knowledge application (Bacera, Fernandez, & Sabherwal, 2010).

Knowledge sharing activities include sharing experience and knowledge that helps individuals solve problems based on their previous experience.

Knowledge sharing activities are typically performed among employees or colleagues, including sharing experiences and expertise that help employees or individuals solve work or organizational problems based on their experience. Better or more frequent knowledge exchanges benefit the performance of individuals and organizations (Soenjoto, 2016). Increased knowledge-sharing activities impact personal performance improvements (Wenning, 2016). Aulia (2016) shows a positive relationship between knowledge sharing and team member performance, and knowledge sharing has a significant impact on performance. The simultaneous exchange of knowledge not only affects the skills and abilities of individuals and organizations but can also strengthen the intellectual capital of organizations in terms of human and organizational capital (Shahin et al., 2014).

H1: Knowledge sharing affects business performance.

Social Capital

Social capital is now widely used by scholars and practitioners in various studies. Social capital exists primarily as an alternative to other modalities such as economic capital, cultural capital, and human capital. Social capital, in terms of social obligations, is institutionalized by roles, authorities, responsibilities, reward systems, and other bonds that lead to collective action. Social capital is a relationship created from social norms that are social glues, that is, the creation of unity between group members. Social capital arises from the interaction of people within a community.

Bourdieu (1986) was the first to study social capital and argued that to understand the structure and functioning of the social world, it is necessary to discuss money in all its forms. It is not enough to only discuss capital as it is known in economic theory; it is also essential to know the conditions of transactions that, in economic theory, are considered non-economic because they cannot directly maximize material profits. Every transaction involving financial capital is always accompanied by immaterial capital in the form of cultural and social capital.

The measurement of social capital can be recognized in the interactions of both individuals and institutions, such as building and maintaining trust among members of the community. According to Coleman (1999), social capital is the ability of people to work together in different groups and organizations to achieve common goals. In addition, social capital is viewed in terms of functionality, not as a single entity but is made up of different entities that share two general characteristics: (1) all of them consist of several aspects of the social structure, and (2) the entities facilitate the actions of the individuals within the structure.

According to Field (2010:26), social capital is a relationship based on trust and mutual understanding, a shared set of values that binds group members to enable efficient and effective collaboration. According to Eklinder-Frick, Eriksson, and Hallén (2014), social capital enables people to act together to achieve their goals. It describes social relationships as a by-product of networks,

norms, and trust, and is an intangible asset that affects the level of cooperation. The structural aspects of social capital relate to the general structure of relationships, the relational aspects of social capital relate to the nature of relationships, and the cognitive aspects of social capital relate to language and universal perspectives in networks (Chang & Chuang, 2011). A company's business performance relies heavily on internal and external social capital that is developed over time (Ferdinand & Fitriani, 2015). In addition, social capital has a positive impact on business performance (Andriani, 2012). According to a survey by Khoirrini and Kartika (2016), social capital has a positive impact on the performance of SMEs, and the results of studies by Astuti, Supanto, and Supriadi (2019) and Khoironi and Saskara (2017) show that social capital has a positive effect on marketing performance.

H2: Social capital affects business performance.

Innovation

Innovation is a critical success factor for a company to achieve a long-term competitive advantage and is an essential element that must be an integral part of business practices. Innovation is defined as a knowledge base from which to create something useful, modified, or invented (Afriyie, Melyoki, & Nchimbi, 2020). Innovation can be defined as the ability of a company to deliver new products or services better and to compete in new or existing markets.

The innovation process begins with individuals and groups, from idea generation to implementation. Social and psychological support is needed to ensure that all company or organization members show innovative behavior (Amabel, 2012). Innovation converts knowledge from a production process to a product on the market by an individual or a group of corporate members (Hassan & Raziq, 2019). Robbins (2018) focuses on three key points in implementing innovation, namely the way of thinking when observing the phenomenon; new ideas arising from thoughts, ideas, and systems; and conclusions. Innovation can be defined as the ability of a company to do new things better and compete in new or old markets. There is no single method by which SMEs measure innovation; one is through a subjective comparison of the speed at which they produce new products and services (Afriyie et al., 2020).

Knowledge exchange activities are closely linked to improving an individual's ability to innovate, which means having the ability to adapt, integrate, and reconstruct all skills, functional abilities, and resources. Sharing explicit and tacit knowledge has a significant impact on the speed and quality of innovation (Zohoori & Omid, 2013). This core presents by exchanging information and expertise (Andre, Ratna, & Haris, 2015).

H3: Knowledge sharing affects innovation.

Social capital focuses on networks, the norms that govern relationships between individuals, mutual trust, and collaborative networks. Cooperative networks enable communication and interaction, growing mutual trust, and strengthening cooperation. There are always interactions, communication

networks, information, and innovations between individuals, groups, or other institutions in the adoption process. Learning from others means that you have information about other individuals (Bulu et al., 2016), and thus:

H4: Social capital affects innovation.

Improving innovation capabilities can help individuals overcome workplace problems and improve the quality and quantity of work. Good innovation skills help create initiatives to develop more effective and efficient working methods. The more knowledge exchange applications improve process innovation and product quality through new technologies, the better a company's performance (Azadehdel & Ajamshidinejad, 2013). Innovative capabilities that emerge as new ideas, new ways of working, and product innovations can improve performance. The difficulty of sharing knowledge lies in the willingness of the knowledge owners to disclose and share information; this obstacle can be overcome by trusting one another in the knowledge-sharing process.

Women's entrepreneurship is recognized as the primary job creation mechanism and innovation distributor. Female participation in economic activities is compatible with the ownership and control of productive assets that accelerate development processes and reduces poverty and inequality while improving the overall well-being of children. Entrepreneurs will always try to develop their abilities to adapt to working together in an organization. The pattern of organized cooperation, centered around specific goals, is determined by the depth of the relationships. Research by Aristanto (2017) states that the quality and quantity of individual work improve when the individual can innovate. Unique innovation abilities will allow the initiative to effectively and efficiently produce new methods. Osman et al. (2016) state that the three types of innovation (product, process, technology, and organization) affect team performance, and Sukaatmadjaa et al. (2021) prove that there is a direct effect of innovation on the performance of female entrepreneurs, and thus:

H5.: Innovation affects business performance.

H6.: Innovation mediates the relationship between knowledge sharing and business performance.

H7: Innovation mediates the relationship between social capital and business performance.

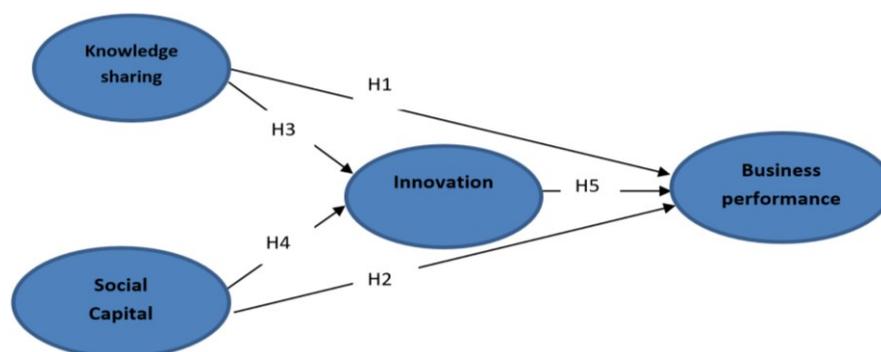


Figure 1. Conceptual Framework

METHODOLOGY

This study uses a quantitative approach because it is based on a solid and reliable generalizable theory, uses the principle of positivism (namely testing data and theory through hypothesis testing), and assesses whether social capital, information sharing, and innovation are factors that support or hinder the business performance of Muslim women entrepreneurs in Indonesia. The data used are direct from Muslim women entrepreneurs because the number of informal entrepreneurs is unknown. We employ purposive sampling, which means sampling with specific considerations, and then use the Lemeshow formula. The population is a group of Muslim female entrepreneurs with the following inclusion criteria: (1) business owners, with (2) businesses that have been established for more than one year. The final sample of respondents contained 317 samples. According to Hair, Anderson, Tatham, and Black (2010), the number of scales used should be 5 to 10, multiplied by the indicator, so that the sample is large enough to represent Muslim women entrepreneurs.

This study uses the knowledge-sharing variables developed by Taego et al. (2013), namely tacit knowledge sharing and explicit knowledge sharing. We use the social capital variables developed by (Chang (2011), namely trust, norms, and networks; and innovation variable indicators that were developed by Laily and Dewi (2018), namely Exploration of opportunities, generating ideas, Formative investigation, Championing, and Application. The business performance variables were developed by O'Sullivan and Abela (2007) and Voss and Voss (2000), namely sales turnover, number of customers, profits, sales growth, competitive market, and consumer attitudes. The data collection was carried out by distributing questionnaires, and the items are measured on a 5-point Likert scale, where 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, and 5 = strongly agree.

The data analysis uses the Partial Least Square (PLS) approach, a component or variant-based Structural Equation Modeling (SEM) equation model. The formal model defines the latent variable as a linear aggregate of the indicators. The weight estimate for creating the component score for the latent variable is obtained based on the inner and outer models.

RESULTS AND DISCUSSION

The Data Information and Quality

The number of respondents who met the required criteria was 317. They were mainly between 36 and 45, with 115 people accounting for a 36.3% share. These results suggest that female entrepreneurs spend productive time and maturity in running their businesses, and 128 (40.4%) had some basic training; in other words, these women were being helped to run their businesses through education. The maximum age of the entrepreneurs was 25, 142 companies (44.8%). These results indicate that the companies have passed a crucial milestone in terms of their survival.

The validity and reliability of the tested data are revealed using convergent validity and discriminant validity. Concurrent validity testing was done with the outer loading value. The indicator is valid and significant if it has an external loading value > 0.50 (Ghozali, 2014).

Table 1. Outer Loadings

Indicators and latent variables	Outer loading	P-Values
INV1 <- Innovation (Z)	0.745	0.000
INV2 <- Innovation (Z)	0.769	0.000
INV3 <- Innovation (Z)	0.723	0.000
INV4 <- Innovation (Z)	0.731	0.000
INV5 <- Innovation (Z)	0.671	0.000
INV6 <- Innovation (Z)	0.739	0.000
KS1 <- Knowledge Sharing (X1)	0.677	0.000
KS2 <- Knowledge Sharing (X1)	0.758	0.000
KS3 <- Knowledge Sharing (X1)	0.733	0.000
KS4 <- Knowledge Sharing (X1)	0.745	0.000
KS5 <- Knowledge Sharing (X1)	0.790	0.000
KS6 <- Knowledge Sharing (X1)	0.806	0.000
LO1 <- Social Capital (X2)	0.739	0.000
LO2 <- Social Capital (X2)	0.747	0.000
LO3 <- Social Capital (X2)	0.633	0.000
LO4 <- Social Capital (X2)	0.729	0.000
LO5 <- Social Capital (X2)	0.740	0.000
OP1 <- Business Performance (Y)	0.755	0.000
OP2 <- Business Performance (Y)	0.805	0.000
OP3 <- Business Performance (Y)	0.836	0.000
OP4 <- Business Performance (Y)	0.726	0.000
OP5 <- Business Performance (Y)	0.786	0.000
OP6 <- Business Performance (Y)	0.568	0.000

Source: Adapted SmartPLS output

A convergent validity test is valid if the AVE value is > 0.5 . Table 2 shows that the real AVE value test is > 0.5 ; thus, it meets convergent validity criteria.

Table 2. Construct Reliability and Validity

Constructs	Composite Reliability	Average Variance Extracted (AVE)
Business Performance (Y)	0.884	0.564
Innovation (Z)	0.873	0.533
Knowledge Sharing (X1)	0.887	0.567
Social Capital (X2)	0.842	0.517

Source: Adapted SmartPLS output

Table 3 reveals the results of the discriminant validity test using the Fornell-Larcker criteria. All variables must be explained by their indicators and present a more significant score comparable to the unrelated constructs.

Table 3. Discriminant Validity

Items	Business Performance (Y)	Innovation (Z)	Knowledge Sharing (X1)	Social Capital (X2)
OP1	0.755	0.382	0.315	0.278
OP2	0.805	0.394	0.347	0.297
OP3	0.836	0.444	0.413	0.371
OP4	0.726	0.373	0.228	0.352
OP5	0.786	0.439	0.372	0.413
OP6	0.568	0.174	0.144	-0.025
INV1	0.394	0.745	0.348	0.310
INV2	0.428	0.769	0.431	0.348
INV3	0.446	0.723	0.389	0.327
INV4	0.299	0.731	0.360	0.372
INV5	0.325	0.671	0.336	0.397
INV6	0.341	0.739	0.320	0.393
KS1	0.245	0.275	0.677	0.336
KS2	0.314	0.302	0.758	0.353
KS3	0.310	0.360	0.733	0.317
KS4	0.367	0.448	0.745	0.358
KS5	0.313	0.421	0.790	0.391
KS6	0.357	0.413	0.806	0.426
LO1	0.317	0.357	0.432	0.739
LO2	0.366	0.411	0.376	0.747
LO3	0.153	0.252	0.170	0.633
LO4	0.276	0.363	0.288	0.729
LO5	0.349	0.342	0.413	0.740

Source: Adapted SmartPLS output

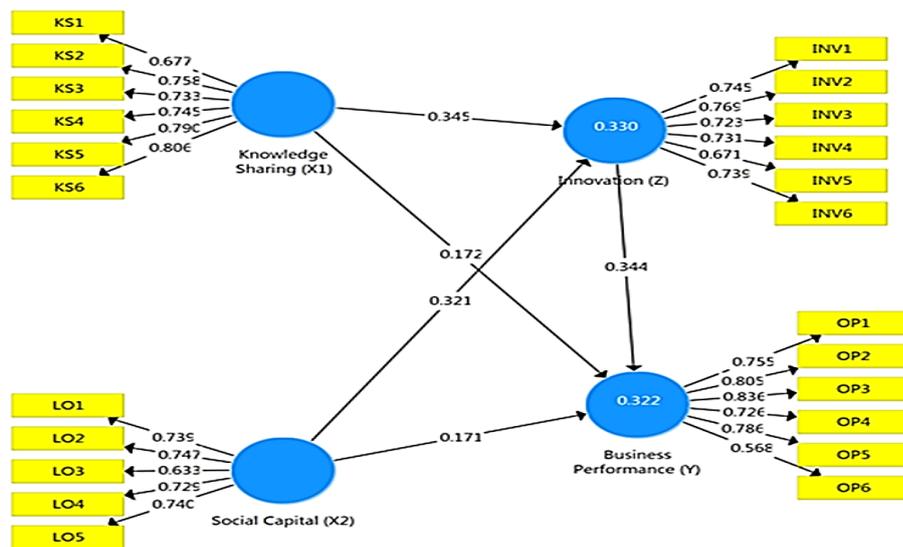


Figure 2. PLS Model

Research Hypotheses Tests

All the initial tests of validity, reliability, and model robustness support the data quality. The statistical results of the hypothetical formulations are shown in Table 4.

Table 4. Hypotheses Tests and R-Squared

Relationship	Effect	T-Values	P-Values
Knowledge Sharing (X1) -> Business Performance (Y)	0.172	2.146	0.032
Social Capital (X2) -> Business Performance (Y)	0.171	2.029	0.043
Knowledge Sharing (X1) -> Innovation (Z)	0.345	5.924	0.000
Social Capital (X2) -> Innovation (Z)	0.321	5.207	0.000
Innovation (Z) -> Business Performance (Y)	0.344	4.647	0.000
Knowledge Sharing (X1) -> Innovation (Z) -> Business Perf. (Y)	0.119	3.819	0.000
Social Capital (X2) -> Innovation (Z) -> Business Perf. (Y)	0.110	3.187	0.002
R-Squared Business Performance (Y)	0.322		
R-Squared Innovation (Z)	0.330		

Source: Adapted SmartPLS output

The results of the hypotheses tests and the effects of the variables will be discussed in the following section.

DISCUSSION

The results of the direct influence test show that knowledge sharing on business performance. These results show that the ability of Muslim woman entrepreneurs to share knowledge with friends and voluntarily receive new knowledge from others has a positive impact on their business performance. Muslim women entrepreneurs who join their communities often attend training courses organized by the government or private companies, or share stories about product design ideas with friends. Training and sharing stories can improve business performance. Trivellas et al. (2015) showed that a knowledge-sharing culture can develop new general competencies in individuals or sharpen existing competencies, creating new ideas, communicating, building interpersonal relationships, prioritizing activities, planning, problem-solving, and teamwork in large corporate organizations. The results of this study are in line with Azadehdel & Ajamshidinejad (2013); however, these results do not support Matsongoni and Mutambara (2018).

This study found that social capital affects business performance in that an increase in social capital increases the performance of Muslim women entrepreneurs. Social capital that is owned by Muslim women entrepreneurs can quickly gain the trust of stakeholders, facilitate communication, and reduce disputes between groups. The existence of this trust allows these entrepreneurs to attract a good team, access credit and, finally, inspire collective action or community support in carrying out their activities. Social capital is simply defined as every relationship that occurs and is built on trust, mutual understanding, and shared values that bind group members to make the

possibility of collective action be carried out efficiently and effectively (Cohen, West, & Aiken, 2014), and this can be applied as one of the criteria for the success of SMEs. These results are consistent with studies by Kim & Shim (2018) and Harjanti and Noerchoidah (2017) but do not support Clairidge (2004), who states that trust causes disunity in the industry.

Furthermore, knowledge sharing positively affects innovation; the more often Muslim women entrepreneurs engage in it, the more they innovate. Muslim women entrepreneurs provide new knowledge to one another through training or workshops that can improve the abilities and skills of others. Receiving wisdom from others will add insight and help improve work. Training and seminars increase their knowledge and ultimately influence innovation patterns. These findings support research by Andreeva and Kianto (2011), Gloet and Terziovski (2004), Huang and Li (2009), Ugwu and Justina (2018), and Rahman et al. (2009), finding that companies with high levels of knowledge management practices are more likely to offer innovative products and services to their customers.

This study also found that social capital positively affects innovation. Increased social capital, coupled with an approach grounded in local wisdom, can provide creative ideas for innovation. Muslim women entrepreneurs run their businesses by fostering public relations. The relationship between Muslim women entrepreneurs and the community helps in building their success in achieving their goals. Through good relationships, mutual trust, and respect, individuals and business groups are willing to exchange and combine knowledge to generate innovation. The results of this study support the research by Matsongoni and Mutambara (2018) but are not in line with the investigations by Cohen et al. (2016), and Nahapiet and Ghosslal (1998).

The results of the study also found that innovation positively affects business performance as it increases local cultural wisdom in designing and packaging products and branding to build consumer trust. The ability to try new ideas is developed by increasing creativity to find ideas and manifest them in the form of innovation. The training that has been obtained enables these Muslim women entrepreneurs to create unique, exciting, and innovative product innovations. This finding is in line with the research results that state that creative and innovative organizations can improve individual and organizational performance and create a competitive advantage (Liao & Wu, 2010).

Innovation has a role in the relationship between knowledge sharing and business performance. Invention is believed to be a variable in improving organizational performance in a competitive business environment. Knowledge sharing has a positive effect on the role of innovation, and innovation can bridge the business performance of SMEs managed by Muslim women. The use of innovation in mediating knowledge sharing can improve the business performance of Muslim women entrepreneurs. The innovation capability within SMEs owned by Muslim women is carried out by researching ideas and new production methods to improve their business performance. These results support Afriyie et al. (2020) and Azadehdel and Ajamshidinejad (2013), but not those of Matsongoni and Mutambara (2018).

FURTHER STUDY

This study provides an understanding of how SME owners see knowledge sharing, social capital, and innovation, and how these affect business performance. Muslim SME owners need to understand the influence of these three factors on business performance because this is a means to determine whether such businesses in Indonesia are ready to implement knowledge sharing and innovation. The ability of Muslim entrepreneurs to run their businesses cannot be separated from their sincerity to share knowledge with fellow women entrepreneurs. The study results show that knowledge sharing has a positive effect on business performance. Furthermore, social capital is essential because it is one of the non-financial factors in developing a sustainable business. The role of innovation in improving business performance is very supportive. The results of this study indicate that knowledge sharing and social capital affect business performance. Innovation can be a bridge between knowledge sharing and social capital in the business performance of Muslim-owned SMEs in Indonesia.

This study was only conducted on Muslim women entrepreneurs in East Java, so the results cannot be generalized to different regions. Future research is expected to bring in cultures from the surrounding areas.

REFERENCES

- Afriyie, N., Melyoki, L. L., & Nchimbi, M. (2020). The Influence of Employee Self-efficacy, Outcome Expectation and Firm Resources on Intrapreneurial Behaviour: Insight from Ghana. *Athens Journal of Business & Economics*, 6(4), 349-376.
- Akhavan, P., & Hosseini, S. M. (2016). Social capital, knowledge sharing, and innovation capability: an empirical study of R&D teams in Iran. *Technology Analysis & Strategic Management*, 28(1), 96-113.
- Akram, T., Lei, S., Haider, M. J., & Hussain, S. T. (2016). Exploring the Impact of Knowledge Sharing on the Innovative Work Behavior of Employees: A Study in China. *International Business Research*, 11(3), 286-193.
- Allameh, S. M., & Abbas, S. K. (2010). The Relationship Between Knowledge Management Practices And Innovation Level In Organizations: Case Study Of Sub_Companies Of Selected Corporations In The City Of Esfahan. *Journal of Business Case Studies*, 6(1), 89-98.
- Alhousseini, S., & Elbeltagi, I. (2013). Knowledge Sharing and Innovation: An Empirical Study in Iraqi Private Higher Education Institutions, International Conference on Intellectual Capital and Knowledge Management and Organisational Learning: 129 XI. *Kidmore End: Academic Conferences International Limited*, 129-138.
- Amabile, T. (2012). Componential theory of creativity. *Working Paper*. Harvard Business School.
- Andre, B., Ratna, F., & Haris, C. (2015). *Knowledge Management: Strategi Mengelola Pengetahuan agar Unggul di Era Disrupsi*. Jakarta: Gramedia Pustaka Utama.
- Andreeva, T., & Kianto, A. (2011). Knowledge Processes, Knowledge-Intensity

- and Innovation: a Moderated Mediation Analysis. *Journal of Knowledge Management*, 15(6), 1016–1034.
- Andriani, N. (2012). Model Hubungan Modal Sosial, Kompetensi Pemasaran (Marketing Intelligence dan Marketing Innovation) dalam Mempengaruhi Kinerja Pemasaran. *Jurnal Aplikasi Manajemen*, 10(1), 50–59.
- Aristanto, D. B. (2017). Pengaruh Knowledge Sharing terhadap Individual Innovation Capability dan Kinerja Karyawan (Studi pada PT PLN (Persero) Unit Induk Pembangunan Sulawesi Bagian Utara). *Jurnal EMBA: Jurnal Riset Ekonomi, Manajemen, Bisnis Dan Akuntansi*, 5(2).
- Ariyadi.(2018). Bisnis Dalam Islam.*Jurnal Hadratul Madaniyah*, 5(1),13-26
- Astuti, W., Supanto, F., & Supriadi, B. (2019). Entrepreneurial Skills and SME's Business Performance: Empirical Study Culinary Business. *Journal of Economics and Sustainable Development*, 10(22), 160–166.
- Aulia, A. (2016). Pengaruh Budaya Organisasi Terhadap Kinerja Karyawan Melalui Knowledge Sharing Sebagai Variabel Intervening (Studi Pada PT Pelabuhan Indonesia III Cabang Tanjung Perak Surabaya). *Jurnal Ilmu Manajemen*, 4(3), 1–15.
- Azadehdel, M. R., & Ajamshidinejad, M. (2013). The Relationship between Knowledge Sharing, Innovation, and Performance. *Interdisciplinary Journal Of Contemporary Research In Business*, 5(5), 408–412.
- Bacera, I., Fernandez, & Sabherwal, R. (2010). *Knowledge Management: Systems and Processes*. New York: ME Sharpe.
- Bernardin, H. J., & Russel, J. C. A. (1993). *Human Resources management: An Experimental Approach*. Singapore: Mc. Graw Hill.
- Bourdieu, P. (1986). The forms of capital. In *Handbook of Theory and Research for the Sociology of Education* (pp. 241–258). Westport: Greenwood Publishing Group.
- Bulu, Y. G., Hariadi, S. S., Herianto, A. S., & Mudiyo, F.. (2016). Pengaruh Modal Sosial dan Keterdedahan Informasi Inovasi terhadap Tingkat Adopsi Inovasi Jagung di Kabupaten Lombok Timur Nusa Tenggara Barat. *Jurnal Agro Ekonomi*, 27(1), 2–21.
- Byars. (1984). *Manajemen Sumber Daya Manusia*. Yogyakarta: Andi Offset.
- Chang, H. H., & Chuang, S. S. (2011). Social capital and individual motivations on knowledge sharing: participant involvement as a moderator. *Information & Management*, 48(1), 9–18.
- Chung, Y. C., Hsu, Y. W., Tsai, S. C., Huang, H. L., & Tsai, C. H. (2012). The correlation between business strategy, information technology, organisational culture, implementation of CRM, and business performance in a high-tech industry. *South African Journal of Industrial Engineering*, 23(2), 1–15. <https://doi.org/10.7166/23-2-326>
- Cohen, P., West, S. G., & Aiken, L. S. (2014). *Applied Multiple Regression/Correlation Analysis for the Behavioral Sciences*. New York: Psychology Press. <https://doi.org/https://doi.org/10.4324/9781410606266>
- Coleman, J. S. (1999). *Foundations of Social Theory*. Cambridge: Harvard University Press.
- Claridge, T. (2004) Social Capital and Natural Resource Management. Master's

- Thesis, University of Queensland, Brisbane, Australia.
- Efawati, Y. (2020). The Influence of Working Conditions, Workability and Leadership on Employee Performance. *International Journal Administration Business & Organization*, 1(3), 8-15. Retrieved from <https://ijabo.a3i.or.id/index.php/ijabo/article/view/40%0A>
- Eklinder-Frick, J., Eriksson, L., & Hallén, L. (2014). Multidimensional social capital as a boost or a bar to innovativeness. *Industrial Marketing Management*, 43(3). <https://doi.org/10.1016/j.indmarman.2013.12.014>
- Fairoz, F. M., Hirobumi, T., & Tanaka, Y. (2010). Entrepreneurial Orientation and Business Performance of Small and Medium Scale Enterprises of Hambantota District Sri Lanka. *Asian Social Science*, 6(3).
- Ferdinand, A. T., & Fitriani, L. K. (2015). Acculturative Iconic Product Attractiveness and Marketing Performance. *Journal of Global Strategic Management*, 9(2), 15-23.
- Field, J. (2010). *Modal Sosial.*, Kreasi Wacana. Bantul. Yogyakarta.
- Ghozali, I. (2014). *Konsep dan Aplikasi Dengan Program AMOS 22.0 Update Bayesian SEM*. Semarang: Universitas Diponegoro.
- Gloet, M., & Terziovski, M. (2004). Exploring the relationship between knowledge management practices and innovation performance. *Journal of Manufacturing Technology Management*, 15(5), 402-409. *Journal of Manufacturing Technology Management*, 15(5), 402-409. <https://doi.org/10.1108/17410380410540390>
- Hair, J. F., Anderson, R. E., Tatham, R. L., & Black, W. C. (2010). *Multivariate Data Analysis* (6th ed.). New Jersey: Prentice Hall.
- Harjanti, D., & Noerchoidah. (2017). The Effect of Social Capital and Knowledge Sharing on Innovation Capability. *Jurnal Manajemen Dan Wirausaha*, 19(2), 72-78.
- Hartono, R., Soegianto, & Hindarwati, N. (2013). Analisis Pengaruh Modal Sosial dan Orientasi Kewirausahaan terhadap Kinerja Kewirausahaan pada PT Mentari Esa Cipta. *Tesis*. Universitas Bina Nusantara. http://library.binus.ac.id/Collections/ethesis_det...
- Hassan, N., & Raziq, A. (2019). Effects of knowledge management practices on innovation in SMEs. *Management Science Letters*, 9(7), 997-1008.
- Hernández-Carrión, C.; Camarero-Izquierdo, C.; Gutiérrez-Cillán, J.(2020) The internal mechanisms of entrepreneurs' social capital: A multi-network analysis. *Business Research Quartely*, 23, 1-19
- Hsiao, Y.-C., Chen, C.-J., & Chang, S.-C. (2011). Knowledge management capacity and organizational performance: the social interaction view. *International Journal of Manpower*, 32(5/6), 645-660.
- Huang, J. W., & Li, Y. H. (2009). The mediating effect of knowledge management on social interaction and innovation performance. *International Journal of Manpower*, 30(3), 285-301.
- Kim, N.; Shim, C. (2018). Social capital, knowledge sharing and innovation of small- and medium-sized enterprises in a tourism cluster. *International Journal Contemporer Hospital Management*. 30, 2417-2437.

- Khoironi, F. E., & Saskara, I. A. N. (2017). Analisis Pengaruh Kurs Dollar, Inflasi, dan Produksi terhadap Ekspor Ikan Hias di Provinsi Bali. *E-Jurnal Ekonomi Pembangunan Universitas Udayana*, 6(3), 337–361.
- Khoirini, L., & Kartika, L. (2016). Pengaruh Modal Insani dan Modal Sosial terhadap Kinerja (Studi Kasus Usaha Kecil dan Menengah (UKM) Makanan dan Minuman Kota Bogor). *Jurnal Manajemen Dan Organisasi*, 5(3), 244. <https://doi.org/10.29244/jmo.5.3.244-257>
- Laily, N., & Dewi, W. (2018). The Key Success Female Entrepreneurs Batik Jonegoro in Indonesia. *International Journal of Business Administration*, 9(2), 67–79.
- Lin, H. F. (2007). Knowledge Sharing And Firm Innovation Capability: An Empirical Study. *International Journal of Manpower*, 28(3/4), 315–332.
- Liao, S., and Wu, C., 2010, "System perspective of knowledge management, organizational learning, an organizational innovation", *Expert Systems with Applications*, 37 (2)
- Tobing, P. L. (2007). Knowledge Management: Konsep, Arsitektur dan Implementasi. Yogyakarta: Graha Ilmu.
- Matsongoni, H., & Mutambara, E. (2018). An assessment of informal SMEs' potential in an African economy - theoretical and conceptual framework. *Public and Municipal Finance*, 7(2), 1–13. [https://doi.org/http://dx.doi.org/10.21511/pmf.07\(2\).2018.01](https://doi.org/http://dx.doi.org/10.21511/pmf.07(2).2018.01)
- Mehrabani, L. V., & Hassanpouraghdam, M. B. (2012). Developmental variation of phenolic compounds in fruit tissue of two apple cultivars. *Acta Scientiarum Polonorum Technologia Alimentaria*, 11(3), 259–264.
- Nonaka, I. (1991). The Knowledge-Creating Company. *Harvard Business Review*, 69(6), 96–104.
- Nahapiet, J., & Ghoshal, T. (1998). Social capital, intellectual capital, and the organizational advantage. *Academy of Management Review*, 23, 242–266.
- O'sullivan, D., & Abela, A. V. (2007). Marketing performance measurement ability and firm performance. *Journal of Marketing*, 71(2), 79–93.
- Osman, S., Shariff, S. H., & Lajin, M. N. A. (2016). Does Innovation Contribute to Employee Performance? *Procedia - Social and Behavioral Sciences*, 219, 571–579. <https://doi.org/https://doi.org/10.1016/j.sbspro.2016.05.03>
- Pangil, F., & Chan, J. M. (2014). The mediating effect of knowledge sharing on the relationship between trust and virtual team effectiveness. *Journal of Knowledge Management*, 18(1), 92–106.
- Patterson, L. A., & Koller, C. A. (2011). Diffusion of Fraud Through Subprime Lending: The Perfect Storm. In M. Deflem (Ed.), *Economic Crisis and Crime* (pp. 25–45). Emerald Group Publishing Limited. [https://doi.org/10.1108/S1521-6136\(2011\)0000016005](https://doi.org/10.1108/S1521-6136(2011)0000016005)
- Permatasari, S. A. & Nafik, M. (2015). Perilaku Bisnis Muslimah: Muslimah Berkeluarga Anggota IWAPI Di Kota Surabaya. *JESTT*. 2(11), 896–911
- Pratono, A. H.; Saputra, R. S.; Pudjibudojo, J. K. (2016) The social capital and firm performance: Evident from Indonesia small businesses. *International Journal Economic Finance*, 6, 47–50.
- Rahman, S., Laosirihongthong, T., & Sohal, A. S. (2010). Impact of lean strategy

- on operational performance: a study of Thai manufacturing companies. *Journal of Manufacturing Technology Management*, 21(7), 839-852.
- Razaka, N. A., Pangil, F., Zin, M. L. M., Azlina, N., Yunus, M., & Asnawi, N. H. (2016). Theories of Knowledge Sharing Behavior in Business Strategy. *Procedia Economics and Finance*, 37(2016), 545-553.
- Robbins, L. J. (2018). *Manajemen Sumber Daya Manusia*. Jakarta: Penerbit PT Kencana.
- Ruslan, R. (2017). *Metode Penelitian Public Relations & Komunikasi*. Jakarta: Raja Grafindo Persada.
- Saenz, J, Aramburu, N & Rivera, O (2009), 'Knowledge sharing and innovation performance: A comparison between high-tech and low-tech companies', *Journal of Intellectual Capital*, 10(1), 22-36.
- Scarborough, H., Swan, J., & Preston, J. (1999). *Knowledge Management: A Literature Review*. London.
- Soenjoto, W. P. P. (2016). Manifestasi MLM dalam Perspektif Syariah terhadap Paradoks dan Euforia Masyarakat Indonesia. *At-Tahdzib: Jurnal Studi Islam Dan Muamalah*, 4(1), 71-91.
- Sukaatmadjaa, I. P. G., Yasa, N. N. K., Rahyudaa, H., Agung, M. S., & Dharmanegara, I. B. (2021). Competitive Advantage to Enhance Internationalization and Marketing Performance Woodcraft Industry: A Perspective of Resource-Based View Theory. *Journal of Project Management*, 6, 45-56.
- Shahin, A.; Pool, J.K.;& Amani, M. (2014). The effect of organisational factors of knowledge management on corporate entrepreneurship: An empirical investigation on Iranian sport organisations. *Middle East Journal Management*, 1 (4), 330-341
- Taego, K. T., Gyehee, L., & Seunggil, L. (2012). Social capital, knowledge sharing and organizational performance: what structural relationship do they have in hotels? *International Journal of Contemporary Hospitality Management*, 25(5), 683-704.
- Trivellas, P., Akrivouli, Z., Tsifora, E., & Tsoutsas, P. (2015). The Impact of Knowledge Sharing Culture on job Satisfaction in Accounting Firm with Mediating Effect of general Competencies. *E-Journal Procedia Economic and Finance Elsevier*, 19, 238-247.
- Tsai, C. T., & Liao, W. F. (2014). A framework for open innovation assessment. *International Journal of Innovation Management*, 18(5), 1450040.
- Ugwu, C., & Justina, E. (2018). The role of knowledge management in providing innovative services in university libraries in Nigeria: A structural equation modeling approach. *Global Knowledge, Memory and Communication*, 67(3). <https://doi.org/10.1108/GKMC-10-2017-0086>
- Voss, G. B., & Voss, Z. G. (2000). Strategic Orientation and Firm Performance in an Artistic Environment. *Journal of Marketing*, 64(1), 67-83.
- Wenning, R. (2016). The Many Faces of Dushara - A Critical Review of the Evidence. *Somali Health Action Journal*, 12(2016), 189-209.
- Winarni, I. (2011). *Relationship between social capital and productivity on shallots*

- centre in Kecamatan Pangalengan Kabupaten Bandung. Universitas Indonesia.
- Ziyad, I. (2013). Siti Khadijah, Business Woman Paling Terkenal di Dunia. Retrieved from sekolahumarusman website: <http://sekolahumarusman.com/siti-khodijah-business-woman-paling-terkenal-didunia>
- Zohoori, M., & Omid, A. (2013). The relationship between knowledge sharing and innovation in electronic industry of Iran. *Interdisciplinary Journal of Contemporary Research In Business*, 5(1), 722–729.