

Effects of Adsorptive Capacity, Creativity Development, and Participation Intention of SMEs Actors toward SMEs Knowledge Alliances

Dr. Dewi Faeni, MM.

Lecturer of Universitas Budi Luhur,
Jalan Ciledug Raya, Petukangan Utara, Daerah Khusus Ibukota Jakarta 12260, Indonesia
E-mail: dewifaenibudiluhur@gmail.com

Abstract

SMEs need a strategy to build a joint informational knowledge. They need to form knowledge alliances to survive in competitive environment and withstand with various market demand. For the goals, it is examined how they are willing to change from traditional alliance of individual work pattern into a work pattern of knowledge-based alliance. To answer the research question, it examines on adsorptive capacity, creativity development, citizenship, joining intention, participation intention, and knowledge alliance, as well as strategic alliance governance as the research model to provide guidance in developing and evaluating the continuity of SMEs' knowledge alliance.

Keyword: adsorptive capacity, creativity development, citizenship, joining intention, participation intention, knowledge alliance, strategic alliance governance

1. Introduction

With the development of global market integration, SMEs are faced with increasingly strong competition. It drives them to develop better capabilities to improve their competitive values. In addition, to reach better market segment, they need to identify and develop their knowledge and capabilities both individual and jointly. The joint cooperative and alliance building were chosen in order to respond more quickly to internal and external challenges in their business environment. Lane & Lubatkin (1998) showed that SMEs need to change their business tradition and start using alliance strategy to win in the competition. When the competition is getting stronger, SMEs need to move from the traditional to the modern work pattern characterized by knowledge-based work system. That is, SMEs need to form alliances knowledge to support their business challenges in order to withstand with global competition. Lane & Lubatkin (1998) showed how SMEs can change from traditional individual work pattern into alliance based and smart business networks. In addition, the SMEs knowledge alliance help them to cooperate with other parties such as SMEs consultants, R & D and independent researchers, and policy makers which all geared to the success of SMEs global competition.

2. Background

With the development of global knowledge and the international fast growth, SMEs are faced with the information flood that often do not realize. In this case it's important for them to form a network of mutual cooperation of alliance to identify potential markets and also recognize their weaknesses that it can be anticipated. In addition through this alliance, they can focus their business activities on informational knowledge aspects that can support their ability in business

competition. However, to form such alliance, they may face unique challenge because their conventional and conservative characteristics. For the approach to support the alliance, SMEs need to be trained to cultivate their ability to identify, assimilate, and exploit knowledge of their business partners (Lane & Lubatkin, 1998). Thus, there is an interesting thought on how SMEs can find ways to build new capabilities primarily through learning alliances and repair their business character. Here it will be used theoretical foundation of several previous studies on adsorptive capacity, creativity development, citizenship, joining intention, participation intention, and knowledge alliance, as well as the Strategic alliance governance.

3. Purpose

The purpose of this paper to explain the SMEs activities in knowledge alliance in Jakarta City and how they can improve knowledge deposits owned by other members of the alliance. In addition it will also discuss about the personality side issues faced by the alliance members in response to global competition. This study will also analyze some of the conceptual knowledge management practices that occurred in the SMEs business practices and their application in the future both theoretically and practically.

4. Research Questions

- 1) How adsorptive capacity can affect the SMEs actors' intention to join SMEs knowledge alliance?
- 2) How creativity development efforts can affect the intention to join SMEs knowledge alliance?
- 3) How performance of SMEs knowledge alliance can be overcome through creativity development?
- 4) Which citizenship aspects that influence the SMEs knowledge alliance?
- 5) How SMEs actors can increase their participation in the SMEs knowledge alliance?
- 6) How SMEs actors can sustain strategic alliance governance in the SMEs knowledge alliance?
- 7) How SMEs actors consider some aspects (e.g., adsorptive capacity, Creativity development, Citizenship, joining intention, participation intention) will impact on the knowledge alliance

5. Hypothesis:

- H₁ : Adsorptive capacity have influence on SMEs knowledge alliance.
H₂ : Creativity development have influence on SMEs knowledge alliance.
H₃ : Citizenship have influence on SMEs knowledge alliance.
H₄ : joining intention have influence on SMEs knowledge alliance.
H₅ : participation intention have influence on SMEs knowledge alliance.
H₆ : knowledge alliance have influence on Strategic alliance governance.

The hypotheses above can be summarized in the following table.

Table 1. The relationship between the variables

Adsorptive capacity	Variable mediator : knowledge alliance	Strategic alliance governance
Creativity development		
Citizenship		
joining intention		
participation intention		
knowledge alliance		

6. Theory and Concepts

1) Adsorptive Capacity

Generally, the adsorptive capacity is defined by Lane & Lubatkin (1998) as the ability of the SMEs in knowing the form of knowledge, modeling, distributed it back into more complex concepts, and invite business partners to learn and able to synthesize the joint knowledge that can be codified and capitalized. For the successful joint knowledge creation, there is an incentive element into cooperation that learn can be nurtured. in addition, SMEs actors must be able to identify the type of knowledge that is already owned by each member of the alliance through their respective absorptive capacity (Lane & Lubatkin, 1998). Then the alliance members began to build their unique network structure to learn and recognize the each information advantages owned by other SMEs actors and take measurements of the level of usefulness of the information. Here, Lane & Lubatkin (1998) proposed that the measurement process of the member knowledge can be based on bibliometric data in order to be synergized.

It is then conducted in long term which drives SMEs actors to sustainably continue to exchange their knowledge and to form the innovational behavior (Nooteboom, 2000). In other words, the innovation generated by the distributed learning and knowledge exchange between the actors will make up the knowledge network and ultimately social capital deposit (Nooteboom, 2000). In general, social capital is a collection of shared resources that are used to form a social alliance that requires an understanding of alliance members and achievement of shared goals by the alliance members. This means that when the knowledge network has been established, SMEs members will be easier to put together their knowledge resources among them and then form a bridge to other members (Nooteboom, 2000).

2) Creativity Development

Ott, et al (2010) defined creativity as the attribute mental processes. The mental processes have different levels among SMEs actors which lead to different forms of creative and motivation. In this case, the creativity can be assessed from the level of distinctness among them from the business and customer diversity. Ott, et al (2010) provides a clear insight about creativity as a mentality that encourages SMEs actors to motivate each other in critical thinking and imagination building. According to Ott, et al (2010), the imagination building will impact on the creativity development and can be developed with ICT support that produces creative attitude. To understand this process, it requires an understanding of the SMEs role in the digital tools to support creativity. From the Ott perspective, creativity can be increased if there is an understanding of SMEs regarding which direction can foster creativity among them and how they can gain insight or creation of sudden insight. In addition, Ott, et al (2010) demonstrated that creativity requires creativity-oriented development activities. Thus there needs the dominant and major SMEs actors to drive and promote creativity in the alliance activities.

However, there are issues as presented by the Chamorro-Pemuzic (2006) that creativity and educational outcomes may often in different context. That is, creativity is not necessarily shaped by the educational environment, but rather formed by conceptualization behavior which characterized by creative thinking or reasoning behavior (Chamorro-Pemuzic, 2006). In other words, more creative actors may come from the result of environment shaped by non-regular and non-formal than formal environment. It appears that the creative interests and attitudes form creative thinking abilities through creative interests and attitudes (Chamorro-Pemuzic, 2006). For example, employees will not dare to be creative in the company unless they dare to risk of accusations of fraudulent and corrupt. Whereas, employers can be more daring to take creative risks because it has become a common trait that business actors should have mindset of active and creative entrepreneurs.

The interesting thing from Chamorro-Pemuzic (2006) is how creative thinking can encourage formation of knowledge alliances for SMEs and facilitate problem solving, adaptability, and self-expression. In addition, it is important to know the process of SMEs can build cooperation with other and increase their insight of business opportunities. Of course, by borrowing ideas from the Chamorro-Pemuzic (2006) it is also related to the habit of creative thinking that be done by SMEs after they form a knowledge network and able to develop themselves to get out from old box of conventional thinking habits (e.g. repetition of content, conventional knowledge) to shifts to new habits of innovative thinking and openness.

3) Organizational Citizenship Behavior (OCB)

Jim, et al (2013) showed that OCB is an individual behaviors associated with the formal reward system or a direct result of the organization. In SMEs context, this behavior is related to the effective utilization of an alliance to produce expansion or upgrading of business networks and increasing revenue. In terms of organizational science, this citizenship can be used as SMEs strategy to generate cooperation among them alliance member to achieve their joint goals. Jim, et al (2013) showed that citizenship is based on the mechanism of intrinsic motivation to improve the organization functioning. Citizenship is also regarded as a form of behavior that would like to help co-worker task, Sportsmanship, and civic duty. All these efforts are intended to enable organization to work better together and achieve higher effectiveness. In other words, citizenship can improve SME effectiveness of knowledge alliance. Citizenship is also considered to be related to social theory in which SMEs are motivated to participate actively when they believe that the cooperation relationship within the alliance must be based on the fair social exchange. For SMEs who are new to join in this alliance, they are usually still high levels of negative emotions such as higher offense, anger, low risk sensitivity, anxiety, depression or anxiety and embarrassment when considered beginners status. This can be overcome if they are motivated by a senior alliance member in order to increase participation and understand the alliance process of social exchange theory. With higher levels, then the discrete negative emotions can be overcome to get higher citizenship level (Jim, et al, 2013).

Moreover, citizenship is also considered has a link to empowerment. From the Jim et al's (2013) definition, it showed that empowerment is an encouragement and a call for individuals to take personal responsibility for improving their work in business and alliances. Thus there is assumption that citizenship determines competitiveness and ultimately alliance goals. In this case, I see that empowerment is also shaped by the relationships that exist within the team performance of the knowledge alliance. If someone has realized that he needed empowerment from other members, then he will declare it orally and in writing. Furthermore, if the network

really cares and feels acknowledge that person as part of the alliance, then the parties are able to provide empowerment support and guidance. Thus citizenship can be distributed evenly to all members of the alliance who need support.

With the sustainable empowerment, it will form citizenship. It also will be able to be distributed if there is a complementary habit among alliance members. Thus, the complementarity habits will form a unique competence among the members and increase membership satisfaction and objectives achievement from the alliance involvement. Jim, et al (2013) showed that citizenship and related competence can predict the business performance. In fact, citizenship and competence also facilitate alliance members to complete the joint goals. In other words, competency which is characterized by the perception of autonomy, joint task, and social exchanges will form longer sustainable citizenship.

Bhavsar (2011) showed that the attitude of cooperation can be influenced by Conscientiousness and eventually citizenship among SMEs. Here It appears that Bhavsar (2011) raised the level of responsibilities of the personality concept of SMEs as the SMEs ability to manage knowledge and skills that make up the work attitudes, organizational commitment, and job involvement. In addition, it showed that citizenship should be based on job involvement and responsibilities among SMEs. With a clear job involvement, accountability of SMEs actors to the knowledge alliance can be maintained.

Bhavsar (2011) showed that SMEs awareness for the role and position in the knowledge alliance will determine their participation. By following Bhavsar (2011) regarding participation in an organization, e.g., participating in the knowledge alliances, SMEs may have two orientation challenges, namely how they will have orientation to joint interests or personal interests while pretending to carry the flag for the many (Bhavsar, 2011). The point is how SMEs can be attracted and to join SMEs knowledge alliance and their orientation. Thus, it is likely to know how their tasks and roles will form their participation (Bhavsar, 2011).

Kishore, et al (2012) showed that the alliance can retain their best people to be active in the alliance by continuing to strengthen the responsiveness and collective transformation. It requires an understanding of how SMEs can establish growth environment which impact on the growth plan. Kishore, et al (2012) also showed that SMEs face environmental bond that they makes it difficult to move out from conventionality and produces creativity and professionalism. This is getting difficult when they were still living in a cultural environment that is not transparent and do not understand diversity. In essence, uniform paced environment will create competition of overheat that SMEs will increasingly be depressed against the operational cost and competition. Then when SMEs struggling to find the differences and uniqueness among them, there will be confusion in business environment where they are stay because to be creative they must leave the conventional mindset and come out from the tradition. With forward thinking of Kishore, et al (2012), we want to know how SMEs knowledge alliance can fail because they are trapped in an environment that does not want higher creativity and success in the business operations innovation. In addition, they may be trapped and become vision killer culture that continues to use traditional methods. This traps of conventional mindset also impact on the new response e.g. hostility from fellow traders and failed collaboration to build competitive advantage and successful capital gain.

4) Joining Intention

Kishore, et al (2012) showed that SMEs face obstacles in building a knowledge management strategy because they are not able to attract the best people to be their partners. In addition, in

absence of senior management support and proven leadership actors, it is getting difficult for SMEs to obtain a realistic real science that can be practiced in the field. In addition, the poor hostile work environment and work culture conflict all exacerbate the SMEs mentality. The worst impact is that in the long run they are difficult to establish a clear strategic alliance to jointly implement their joint knowledge and creativity. With such poor working environment, it will be difficult to attract new productive alliance members who are more knowledgeable or more creative to join and consequently difficult to turn the traditionalist into modern actors due to the core characters that can foster knowledge does not exist or unwilling to join.

Kishore, et al (2012) also showed that the glow of an alliance depended upon the internal growth of its members. The knowledge alliance can grow when the members can fill the talent gap, finding motivated members, particularly at the board level and at the prime mover. Thus, the challenges faced by the alliance is how to find the key talent to build professional alliance

The key talent will help the skills gap facing by alliance and find innovative ways to present them to public image. Another issue raised by Kishore, et al (2012) is on how SMEs actors can be motivated to be active in the alliances and serve each other so that they achieve a good working relationship. In addition, the effective cooperation and harmony in the workplace will reduce the level of conflict and job stress. This will make alliance members become more motivated to cooperate and reduce turnover absenteeism or migrate to another alliance. Thus, the alliance operation will work well when there is a major driver who is able to motivate its members with appropriate communication strategies to achieve joint growth. Another issue that makes SMEs willing to join the SMEs alliance is the existed main driver especially on the leaders that always appreciating diversity in business and also in the interaction. This become more important with Indonesia being integrated into the ASEAN Economic Community, SMEs actors no longer live in a homogeneous environment and working on single job, but they began to be exposed to the various business interaction with other SMEs actors. This needs sharing of different cultures, different beliefs, and different backgrounds which makes them to be prepared to deal with various issues of cultural diversity relationship that must be addressed by the prime mover alliance. In the presence of such diversity, SME alliance must continue to reposition and upgrading their capabilities, especially in team building to achieve best cohesiveness and provide benefits to its members.

Kishore, et al (2012) provide insight to us about recruiting new members and how SMEs knowledge alliance should be managed with a clear growth plan. This means that alliance members need to understand the alliance direction, and shape change management agenda, especially in the change of culture to produce multiculturalism perspectives that can improve the quality of business collaboration environment that can be accepted by all members. They must build strategies of responsibility to improve the cooperation structure in encouraging each member to achieve their best performance. This also needs them to understand how to develop and spread benefits and orientation to increase the number of the SMEs alliance members.

5) Participation Intention

For explaining participation intention, we use Yan's (2013) extended definition that participation is a possibility and intention of an individual participating in activities based on willingness to joint alliance, giving recommendation to others, and preference to group together in an alliance process.

Yan (2013) showed that interpersonal relationship determines the formation of social interaction to get involved (joining intention) and finally participated. Here, it appears that participation in a

joint activity need encouragement and satisfaction from the activities result. Even Yan (2013) indicated that participation could be based on the intention of interrelated experiential satisfaction and encourage SMEs members to participate in the alliance activities.

The interesting thing is their mental activity of participation. According to Yan (2013), the participants will form mental activities of exploration, discovery, creation, and imagination that ultimately shape the perceived usefulness of the activities. The mental activity will form a social need that drives people to participate in a joint activity guided by their knowledge and outcome certainty. Additionally Yan (2013) showed that participation intention is also shaped by a goal to obtain problems solution and escape from mental load and uncomfortness. It appears that the activity in the alliance can last a long time if there is a benefit such as lighter workload and reduced burden of their business. Thus, it was shown that the alliance should be shaped as an activity resulting in decreased workload and foster partnership to reduce businesses burden and business expense of all members. By connecting between participation intention and motivation, Yan (2013) gives important idea that SMEs can work better through transformation and combined motivation by simplifying their businesses and reduced workload burden toward their business environment and network.

6) SMEs knowledge alliance

SMEs Knowledge alliance is referred to as a strategic alliance or interfirm alliance (Grant & Baden-Fuller, 2004). By expanding their definition, we defined SMEs knowledge alliance as cooperative relationships through formal and informal contract of cooperative relationships with spirit of common collaboration, commitment and goal by using join resources that each party maintain autonomy and complement each other. This means that knowledge alliance can be formal or informal and also hybridized with collaboration and joint resource to achieve common goal.

Hottenrott & Cindy Lopes-Bento (2013) found that SMEs knowledge alliance has positive effect on the joint creation of new knowledge and knowledge exchange that leads to the creation of innovativeness. The knowledge innovation also produces deposits that lead to long term knowledge development. With the alliance, SMEs can produce better performance through partnerships that lead to the formation of long-term innovation. In fact, SMEs can grow their business activities scale through collaboration strategy that contributes to their business network. With the strategy, SMEs can collaborate with their business partners and generate outward- and inward-innovation and finally partnership portfolios. Their portfolio level determines the degree and scope of cooperation between SMEs members which eventually forming external partnerships with other SMEs members.

Sun and Luo (2012) showed that knowledge alliance can bring incentives for SMEs actors because it generates mutually beneficial behaviors that reduce the level of competition among them and bring better cooperative mechanism. By observing the operation of knowledge transfer and innovation, the alliance can promote the higher value-added performance and resources integration among them. The knowledge integration and resources will increase their resilience against falling prices, imported products and competition each other. Sun and Luo (2012) showed that the knowledge alliance also has related to learning capacity and innovation ability to shape advanced behavior and direct impact on the achievement of collaboration among them.

In addition, there are some aspect that Sun Luo (2012) consider important about knowledge alliance since it can be affected by the external environment, internal culture, mission context and also internalizing new cognitive -based behavior produce alliance success. Thus, when we

look at how the partnership can be formed. In this case, we need to know how trust and alliance can be balanced to determine the viability (sustainability) of the alliance. According to the Luo Sun (2012), when the external environment is uncertain, it will be difficult to establish long-term interest among SMEs actors because they do not learn to increase their business trust each other and cooperate openly because they are concerned for their company's core secrets leaking. This is compounded by the increasing complexity and rapid change in the corporate environment that result in higher competition and reduced consumer niche.

7) Strategic Alliance Governance

Naicker & Saungweme (2009) defined strategic alliance governance as a "long-term partnership of firms that work together to achieve local and international objectives and complement the needs of firm partner." By following them, we redefined the strategic alliance as a form of institutionalized cooperation partnership and supported by a clear governance system that is based on the knowledge management and good corporate governance which understood by all parties in the alliance.

Naicker & Saungweme (2009) showed that the strategic alliance is very important because it encourages the operational resilience of SMEs in the long term. Some important issue is related to the relationship that can be managed, especially in building collaborative relationships involving trust and commitment. According to Naicker & Saungweme (2009) there are four kinds of aspects of the strategic alliance governance, namely internal and external competition, market entry, speed of information, and customer requirements that make SMEs should be able to cope with the problem of efficient alliance.

By expanding the insight from Bretherton (2001) & Drucker (1996), Naicker & Saungweme (2009) showed that the strategic alliance would bring market balance between SMEs and consumers. In addition, the alliance can be implemented in a variety of forms ranging from the hotel business, leisure, construction and retail business (Naicker & Saungweme, 2009). From the analytical perspective, it appears that they attempted to show the basic requirement for businesses and partnering firms in the alliance is corporate governance. Therefore, it is important to test how strategic alliance relationship is formed by the presence of four main aspects, namely: pre-alliance planning, governance structure and management, institutional support, and communication protocols (Naicker & Saungweme (2009).

With the four aspects, Naicker & Saungweme (2009) showed that alliance SMEs can bring convenience to its members, especially in dealing with business disputes and found faster dispute resolution mechanism and benefit to SMEs and customers confidence. Thus, Naicker & Saungweme (2009) concluded that the strategic alliance can produce a wider accessibility, effectiveness cost, and timeliness in forming SMEs knowledge alliances.

Thus it appears that the strategic alliance is part of the management strategy and could eventually be developed into a knowledge management that is based on the alliance governance.

As a form of collective action, it often raises questions about how each SME make adjustment and alliance and how adsorptive capacity impact on the alliance. Judge, et al (2002) showed how the people who are involved in a relationship will feel satisfaction in doing the emotional adjustment of cooperation and collaboration that they can run smoothly. Here, following Judge, et al (2002) when there is an emotional side that is not met, and then there is the possibility of an alliance relationship of knowledge can be abandoned. This means that an alliance of knowledge must be based on a satisfaction achievement or the alliance will be broken. To anticipate this, the parties need immediate updates (renew) the alliance (Judge et al, 2002). Thus, it appears that the

renewed interest in the relationship can be formed by fulfilled emotional conditions, especially from their personality in forming the alliance relationship (Judge, et al (2002).

Here we can observe the Judge et al's (2002) idea that the relationship permanence of SMEs knowledge alliance can be dispositional for members who do not obtain satisfaction and benefit. Similarly, for members who are not able to capture the overall framework of the partnership structure, they tend to feel cheated, marginalized and out of the alliance itself. For that, it is very interesting to study from the context of the structure and properties of the SMEs actor personality. Judge, et al (2002) showed that when the personality reckoned it seems the assimilation and integration of knowledge will be faster than without taking the two concepts into account. In short, personality can establish job satisfaction and ultimately support the sustainable knowledge alliance.

Goldberg, 1990 and Judge, et al (2002) proposed five-factor model of personality to measure culture and cooperation, especially cross-industry and business. The interesting thing in the five-factor model can explain about how culture influences people to come together and find solutions together. These numbers are very important in the formation of the knowledge alliance among SMEs. Judge, et al (2002) shows how this model can be associated with job satisfaction which ultimately determines how knowledge alliances will be formed.

7. Research Methods

Every research study variables in the model mentioned above are then presented in the form of a questionnaire to each of the variables measured or identified based on the dimensions as listed in Table 1 below.

Table 1. Research Variables In This Study

Construct	Items/Scale	Reference
Adsorptive capacity	1-5/Likert	Lane & Lubatkin (1998)
		Nooteboom (2000)
Creativity development	1-5/Likert	Chamorro-Pemuzic (2006)
	1-5/Likert	Ott, et al (2010)
Citizenship	1-5/Likert	Jim, et al (2013)
		Bhavsar (2011)
		Kishore, et al (2012)
joining intention	1-5/Likert	Kishore, et al (2012)
participation intention	1-5/Likert	Yan (2013)
knowledge alliance	1-5/Likert	Hottenrott & Cindy Lopes-Bento (2013)
Strategic alliance governance		Sun & Luo (2012)

Each variable is described as the following studies:

1. Adsorptive capacity is measured by following Lane & Lubatkin (1998) and Nooteboom (2000) with dimensions of Interorganizational learning, R & D spending, knowledge formalization, centralization, compensation, and Research communities.
2. Creativity development is measured on two sides e.g. inward and outward. First, Chamorro-Pemuzic (2006) Elaboration, Flexibility, Openness, Conscientiousness for inward orientation; secondly, for outward orientation, Ott, et al (2010) explained creativity education and creativity activities where each theory are complementary each other.

3. Citizenship uses the concept of Organizational Citizenship Behavior (OCB) which measured using Jim, et al (2013), Bhavsar (2011), and Kishore, et al (2012). Jim, et al (2013) demonstrated important component of citizenship in the form of Organization Citizenship Behavior, Competency, Quality of Work Life, Leader-Member Exchange. Bhavsar (2011) addressed that citizenship orientations associated with self and mutual orientation. According to him, citizenship as a discretionary activity and help to maintain organizational functioning and interpersonal support and adherence to procedures.
4. Joining intention was measured using a questionnaire by Kishore, et al (2012) and Griffin & Svensen (1996). Griffin & Svensen (1996) showed that the factors affecting someone to have joining intention and membership participation are formed by the Utilities theory and social learning theory where the influence of others is regarded as a major determinant toward the alliances formation. Griffin & Svensen (1996) states that perceived intermentality or perceived effectiveness of alliances and alliance affectivity is a key attitudinal sympathy construct that encourages people to decide to join. From the Griffin & Svensen's (1996) reasoning that people have higher instrumentality when they are experienced with extensive knowledge and can build a culture of high collectivism. The instrument has been widely used by them and has good condition for measuring the alliance and union which will be developed in this paper to explain the SMEs joining intention.

In the initial stages of the study, it carried out the questionnaire preparation based on all the research variables mentioned above. The questionnaire was then distributed to 400 respondents and processed for the benefit of validity and reliability. The pre-test was conducted to know the construct validity with SPSS 18.0 for reliability testing. The next data collection is done by distributing questionnaires to SMEs actors who involved in SMEs knowledge alliance in Jakarta and West Java. Questionnaires were distributed by using simple random sampling method that is every element in the population possesses an equal opportunity to serve as research subjects (Lane & Lubatkin (1998) The data collection is done online and finally it collected 250 samples from various levels of positions of the alliance population.

All data collected in this study is then processed using method of Principal Component Analysis (PCA). The method was chosen since it involves the analysis of interdependencies among variables which basically tries to simplify the problem. It aims to facilitate the interpretation through the depiction of relationship patterns and data reduction. Factor analysis is a technique that aims to make it easier for further data processing using Structural Equation Modeling (SEM). After processing the data with PCA is complete, then the final data were processed with SEM statistical software. It is chosen because it can estimate a series of related relationships simultaneously, where other multivariate techniques are only able to examine single relationship alone.

8. Outcomes and Analysis

The Pre-test result showed that from overall 4 statements, the dimension of Adsorptive capacity was proved valid. While Creativity development with four items was invalid, so the fourth item is not used in subsequent data collection phase. In Citizenship and joining intention statements the variable indicated the overall result was valid. As for the participation intention variables showed high validity results, with 4 items were invalid, so the fourth statement is not used in the next stage of data collection. On knowledge alliance and Strategic alliance governance, it demonstrated high validity results with all valid items.

Data processing by using SEM showing path diagrams results summarized in Figure 2 below.

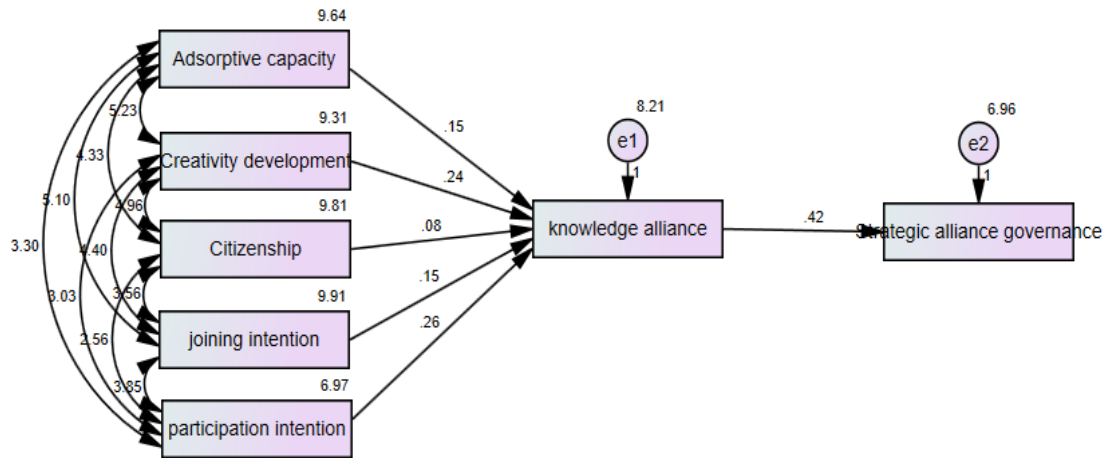


Figure 2. loading factors and GOF

The model fitness is estimated with result from SEM and χ^2 (chi-square). In addition to χ^2 , GOF value is also indicated by RMSEA, NFI, CFI, RMR, GFI and AGFI.

Table 2. GOF Value

GOF	standard Value	Value	P-Value	Description
χ^2	$P > 0,05$	15,47	0,093	Fit
RMSEA	$\leq 0,08$	0,027	-	Fit
NFI	$> 0,9$	0,91	-	Fit
CFI	$> 0,9$	0,94	-	Fit
RMR	$< 0,05$	0,032	-	Fit
GFI	$> 0,9$	0,916	-	Fit
AGFI	$> 0,9$	0,95	-	Fit

Variables of joining intention and intention participation in this study is a moderator variable. Allegedly organizational culture can impact when it is existed relationship among Adsorptive capacity, Creativity development, Citizenship with Strategic alliance governance. from SEM analysis result, moderator variables cannot be seen from the research model so to measure the moderator variables is done by multiplying the two variables that moderated by the moderator variables, e.g., joining intention and participation.

Based on the GOF value, it found that the research model had been fit with the data. Furthermore, to see the significance level or correlation among the variables, we can determine through t-value in Figure 3 below.

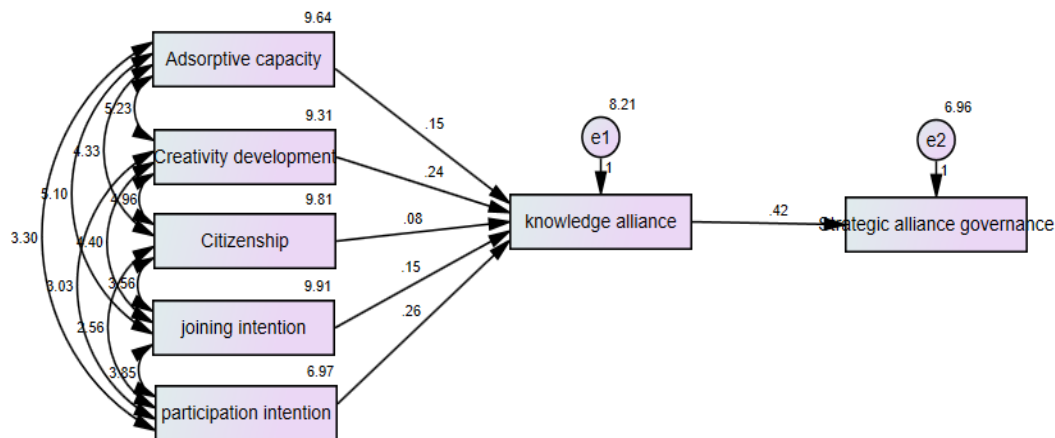


Figure 3. t-value

Through the loading factor between Adsorptive capacity and knowledge alliance, it known that the relationship is positive, amounting to 0.15 so that the first hypothesis (H1) stated that Adsorptive capacity affected the SMEs knowledge alliance is proved.

The factor loading value between creativity and knowledge development alliance of 0.24 and a positive note, so the second hypothesis (H2), creativity which affected development efforts in knowledge alliance SME knowledge is also proved.

Factor loading value between citizenship and knowledge alliance is 0.08 with positive direction, so that the third hypothesis (H3), namely citizenship affected SMEs knowledge alliance is proved. In addition, the analysis result showed that factor loading value between intention and knowledge joining alliance is 0.15 with positive direction, so the fourth hypothesis (H4), namely, joining intention affected SMEs knowledge alliance is proved.

The analysis result for the tested hypothesis (H5) and (H6) is done. Factor loading value between participation and knowledge alliance known intention is 0.26 with positive direction, so that the fifth hypothesis (H5), namely participation intention affected SME knowledge alliance is proved. In addition, the factor loading value between knowledge alliance and strategic alliance governance is 0.42 with positive direction, so the sixth hypothesis (H6), namely participation intention influential knowledge alliance in SME knowledge alliance proved.

The values above showed that all hypotheses have different factor loadings which needed for the sustainability of SMEs knowledge alliances especially for the adsorptive capacity and Creativity development which still low. Referring to Hofstede's (1983) study on the characteristics of SMEs in general to the dimension of adsorptive capacity and creativity development have higher affinity on SMEs knowledge alliance sustainability. This means that in general, SMEs in Jakarta and West Java needs to develop better creativity efforts to organize knowledge alliance. If both factors are combined, then there is a match between joining intention and citizenship which impact on governance development and sustainability of the SMEs alliance.

9. Conclusion

Referring to the results of study conducted in Jakarta and West Java, there are some conclusions which important for the sustainable SMEs alliance:

1. Adsorptive capacity has positive influence on Strategic Alliance governance.

2. Creativity development and Citizenship has a positive influence on the governance of Strategic Alliance experienced by alliance members in Jakarta and West Java area.
3. Joining intention and participation intention have a positive influence on the governance of Strategic Alliance experienced by the alliance members in the observed sites.
4. Knowledge alliance as a moderator between Adsorptive capacity, joining intention and participation intention has strengthened the creation of Strategic Alliance Governance among SMEs alliance in the region.

References

- Agarwal, R. (2007). Network Design and Alliance Formation for Liner Shipping (Thesis). May 2007. Georgia Institute of Technology.
- Grant, R.M., Baden-Fuller, C. (2004). A Knowledge Accessing Theory of Strategic Alliances. *Journal of Management Studies* 41:1 January 2004. Oxford: Blackwell Publishing
- Griffin, G., and Svensen, S. (1996) The Decline of Australian Union Density—A Survey of the Literature. *Journal of Industrial Relations*. Retrieved from <http://jir.sagepub.com/cgi/content/abstract/38/4/505>
- Hottenrott, H., Lopes-Bento, C. (2013). Quantity or Quality? Knowledge Alliances and their Effects on Patenting. ZEW Discussion Paper No. 12-047. December 2013. Centre for European Economic Research (ZEW)
- Jim, T.W., Hi, B., Shing, L.K., Lin, O.S., Yasmin, S., Khan, S.K. (2013). The Factors Affecting Organizational Citizenship Behavior in Banking Industry. *International Journal of Management Sciences*. Vol. 1, No. 5, 2013, pp. 178-192
- Naicker, V., and Saungweme, P. (2009). Strategic alliance governance in Zimbabwe policy and strategy. *African Journal of Business Management* Vol. 3 (8), pp. 325-332, August 2009. Retrieved from <http://www.academicjournals.org/AJBM>
- Ott, M., Pozzi, F., and Tavella, M. (2010). Teacher, What Do You Mean by “Creativity”? An Italian Survey on the Use of ICT to Foster Student Creativity. WSKS 2010, Part I, CCIS 111, pp. 165–171, 2010. Berlin: Springer-Verlag Berlin Heidelberg
- Sun, X., Luo, N. (2012). System Dynamics Model and Simulation of Incentive Synergy in Knowledge Alliance. *Advances in information Sciences and Service Sciences(AISS)* Volume4, Number21, Nov 2012. pp. 264-276
- Yan, W. (2013). Effects of Consumer Participation Motivation and Participation Intention towards Festivals on Experiential Satisfaction — A Case Study of the Rainbow Bay Festival Kaohsiung City. *The International Journal of Organizational Innovation*. Vol 5 Num 3 January 2013