

From knowledge sharing to quality performance: The role of absorptive capacity, ambidexterity and innovation capability in creative industry

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ABSTRACT

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Creative industry has high contribution to the national economy. Some literature shows that creative industry does not highlight some important aspects such as knowledge sharing, absorptive capacity, and ambidexterity. The aim of this study is to analyze the relationship between knowledge sharing, absorptive capacity, ambidexterity, innovation capability and company's quality performance. This study uses mixed methods with the results of empirical study through the distribution of questionnaires to 150 business people in the creative industry and combined by interview result of creative industry entrepreneurs. The result shows that knowledge sharing had a positive and significant relationship with absorptive capacity and ambidexterity. While ambidexterity and absorptive capacity had positive and significant relationships with innovation capability and innovation capability had a positive and significant relationship with the company's quality performance. The results of this study are expected to help business people in the creative industry improve their quality performance through increased knowledge sharing, absorptive capacity, ambidexterity, and innovation capability.

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1. Introduction

One of the sectors that are capable of providing high contribution in the national economy is creative industry. The development of creative industry is expected to strengthen future national economy. The expectation is likely to be realized, since the data from Central Statistical Bureau (BPS) and Indonesian Agency for Creative Economy (IACE/BEKRAF) in 2017 shows that the amount of growth of Gross Domestic Product (GDP) in creative economy sector has increased by an average of 10.14% every year. The GDP provides contribution to the national economy from 7.38% to 7.66%. In its development, creative industry in Indonesia is highly admired by consumers around the world because of the quality (IACE, 2017). Indonesia, which owns variety of resources, is able to create unique products with good quality. Therefore, quality performance becomes very important for creative industry actors in order to maintain sustainable development. Quality performance is a topic that has been widely discussed in many literatures, such as Soares et al. (2017), but there are only few literatures and researches that connect quality performance to the strategic capabilities of the companies. The discussion becomes very important for creative economy since quality makes a higher selling point for the offered product. This study explores how quality performance is formed in a company, start from knowledge sharing, absorptive capacity, ambidexterity, and innovation capability. Knowledge sharing is the process of distributing knowledge to others, both implicit and explicit knowledge (Fernandez & Sabherwal, 2010). In the context of creative industry in Indonesia, knowledge is defined as skill to create and develop product or service (IACE, 2019). The activity of distributing knowledge in Indonesia's creative industry has become an ordinary thing and become a part of culture. Knowledge will be shared and distributed to each other, even to the people who have the potential to become competitors in the future. It turns out that knowledge sharing activity is able to improve the strategic capability of a company. Ali et al. (2018) stated that knowledge sharing that comes from knowledge governance will have a positive effect on absorptive capacity and company performance. The relationship between knowledge sharing and absorptive capacity is

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also supported by several studies (e.g. Pai et al., 2013; Chang et al., 2011; Kang & Lee, 2016; Hatzakis, 2008; Lee et al., 2014; Liao et al., 2007; Mu et al., 2010; Rafique et al., 2017; Wang et al., 2017). In addition, Caniels et al. (2016) discussed the role of knowledge sharing and found that employee ambidexterity could be built by knowledge sharing. Dranev and Chulok (2015), Shawabkeh (2018), Filippini et al. (2012), Im and Rai (2008), Liu et al. (2018) and Torres et al. (2017) also stated that knowledge sharing has an effect on company ambidexterity. When a company applies knowledge sharing, it will have two capabilities, namely absorptive capacity and ambidexterity. Both capabilities are topics that are being discussed in a number of literatures related to the company's ability to face the dynamic or disruptive era. These capabilities are very important to be owned by companies in creative industry, so that they are able to continue creating innovations and maintain good quality.

Liu et al. (2018a), Nätti et al. (2014), Daspit and Zavattaro (2014), Bessant and Trifilova (2017) stated that a company with absorptive capacity will be able to grow innovation capabilities. On the other hand, developing innovation capability can also be accomplished through ambidexterity. The findings by Conceição et al. (2018), Benitez et al. (2017), Chang et al. (2011), Chen and Su (2017) stated that the exploration and exploitation carried out by the company will have an effect on innovation. Innovation is an important aspect for companies in this disruptive era. Without innovation, companies will be left behind by the competitors. The importance of innovation is also supported by Perlines and Montes (2019), Antunes et al. (2017), Kafetzopoulos and Psomas (2015) and Lages et al. (2009) who stated that with innovation companies will get a better quality performance. Therefore, this study aims to analyze the relationship between knowledge sharing, absorptive capacity, ambidexterity, and innovation capability in creating a better-quality performance.

2. Literature review

2.1. Knowledge Sharing and Absorptive Capacity

Knowledge sharing is a process of implicit or explicit knowledge which is distributed and communicated with others (Fernandez and Sabherwal, 2010). Knowledge sharing is a broader concept than transferring ordinary knowledge, since it has more meaning as a procedure or social interaction to exchange knowledge (Gupta & Govindarajan, 2000). Knowledge sharing is also defined as information behavior that requires effort and readiness to be responsive and understand information knowledge sharing. Al-Husseini and Elbeltagi (2015) explored that knowledge sharing reveals two aspects, namely contributing knowledge and gathering knowledge. From the definition, it is known that knowledge management is very important for the companies. Chang et al. (2011), Hatzakis (2008) and Mu et al. (2010) stated that good knowledge management will have positive effect on the company performance. One of the key roles of knowledge sharing is the increase effect on absorptive capacity (Ali et al., 2018; Pai & Chang, 2013; Chang et al., 2011; Kang & Lee, 2016; Chen & Hatzakis, 2008). Absorptive capacity is the ability to obtain, assimilate, and exploit external information for commercial purposes. It has become an important ability for companies to create competitiveness by developing new products or increasing flexibility. Ali et al. (2018) proposed an integrated model to test the impact of knowledge governance, knowledge sharing, and absorptive capacity on project performance in the context of project-based organization (PBO). The result supports the proposed model. Knowledge governance and knowledge sharing are important antecedents to increase absorptive capacity. From another point of view, Pai and Chang (2013) used the term knowledge sharing capability or the company's ability to carry out knowledge sharing activity. They also stated that knowledge sharing capability could have positive effect on absorptive capacity and the relationship will create dynamic capability for the company. Kang and Lee (2016) also supported the effect of knowledge sharing and absorptive capacity. According to them, knowledge sharing is measured by using two dimensions, namely donating knowledge and collecting knowledge. Whereas, absorptive capacity is measured by two dimensions, namely potential absorptive capacity which consists of acquisition and assimilation and realized absorptive capacity which consists of transformation and exploitation. The measurement of knowledge sharing from several studies was mostly used two dimensions of collecting and donating (Liao et al., 2007; Rafique et al., 2017). However, Wang, et al. (2017) measured knowledge sharing with 4 indicators; namely sharing report, sharing methods, sharing experience or know how, and sharing know where and know whom.

H₁: Knowledge sharing has positive and significant effect on absorptive capacity.

2.2. Knowledge Sharing and Ambidexterity

Knowledge sharing also has a significant role for companies to increase ambidexterity. Ambidexterity is a discussed topic in a number of literatures since it has an important role for the company especially in the disruptive era. Ambidexterity is defined as the organization's ability to align and manage business demands efficiently and adapt the environmental changes. Because of that, ambidexterity guides organization to be able to carry out exploration and exploitation at the same time. Wan and Wang (2012) stated similar definition, ambidexterity is the integral construction in a company that describes a dual orientation between organizational exploration and exploitation. In developing ambidexterity, companies need to pay attention to knowledge management. It is supported by Dranev and Chulok (2016), Filippini et al. (2012), Im and Rai (2008) on the positive effect of knowledge management on ambidexterity development. According to Hutzschenreuter and Kleindienst (2006), in the knowledge economy era, the long-term success of an organization is based on knowledge accumulation and knowledge sharing. As a result, many organizations have concluded that effective knowledge sharing is an important way to improve the core competencies and gain competitive advantage (Lee, 2014). Jensen et al. (2007) stated that knowledge sharing can be seen as a process of interaction, communication, and coordination of knowledge or expertise. Knowledge sharing involves a series of shared understanding related to giving employees access to relevant information and using existing

knowledge within the organization. Shawabkeh (2018) stated that knowledge sharing has a significant positive effect on ambidexterity. Knowledge sharing is proven to be able to explain the relationship between HR development and organizational ambidexterity. The positive and significant effect between knowledge sharing and ambidexterity is also supported by Liu et al. (2018) and Torres et al. (2015). This proves that the development of knowledge sharing activity in companies is very important to create ambidexterity. Caniëls et al. (2016) stated that knowledge sharing culture is negatively and significantly related with exploration activity, but not with exploitative activity. This finding shows that knowledge sharing culture increase exploitation, but it has no effect on exploration. On the other hand, the relationship between knowledge management and ambidexterity is also explained by Filippini et al. (2011) who stated that companies use the ambidextrous knowledge management practice to create learning context that is more determined by guidelines and method rather with definite goals, and the results are related to the concept of ambidextrous routines in the initiative of knowledge management.

H₂: Knowledge sharing has positive and significant effect on ambidexterity.

2.3. Absorptive Capacity and Innovation Capability

Information is an important aspect in business strategy, not only for large companies but also for micro and small companies. Therefore, companies require absorptive capacity in managing information. The discussion about absorptive capacity is increasingly widespread and in great demand by researchers and business practitioners (Liu et al., 2018; Nätti et al., 2014; Daspit & Zavattaro, 2014; Bessant & Trifilova, 2017; Chandrashekar et al., 2017; Reid, 2018; Liu et al., 2017; Lowik et al., 2017; Huang, 2018; Liao et al., 2007; Gray, 2006). Absorptive capacity in a company includes three dimensions, namely knowledge acquisition, knowledge assimilation, and knowledge application (Liu, et al., 2018). On the other hand, Chandrashekar et al. (2017) measured absorptive capacity from two aspects, namely internal and external factors. One of the advantages of having absorptive capacity is to help companies improve their capabilities to continue the innovation process. Innovation is the key to the company's sustainability in attracting and maintaining market share. Liu et al. (2018) tested several paths of absorptive capacity effect on business performance, both direct and indirect effect through innovation and mass customization. The result shows that absorptive capacity increase business performance directly and indirectly through innovation and mass customization. The relationship between innovation and absorptive capacity is explained by Nätti et al. (2014) that through orchestration it may be closer to certain contingency than others, and that both mechanisms of orchestration and contingency factors have a role in the development of absorptive capacity in service innovation networks. Chandrashekar et al. (2017) added that the internal factor of absorptive capacity of a company has a significant positive effect toward the degree of intra-cluster and extra-cluster relationship. On the other hand, the external factor of absorptive capacity of a company significantly affects the level of intra-cluster linkages. However, they do not have a significant influence on the level of extra-cluster linkages. Furthermore, both the degree of intra-cluster and extra-cluster relationship encourage the innovation performance of a company in a cluster. Huang et al. (2018) found that absorptive capacity can be obtained from organizational forgetting, and the absorptive capacity owned by the company will be able to improve the innovation performance. Liao et al. (2007) added that absorptive capacity can be increased through knowledge sharing and will create innovation capability in the company.

H₃: Absorptive capacity has positive and significant effect on innovation capability.

2.4. Ambidexterity and Innovation Capability

Besides the absorptive capacity, capability that needs to be owned by the company in this disruptive era is ambidexterity. Ambidexterity is always measured by two dimensions, namely exploration and exploitation (Conceição, et al., 2018; Benitez, et al., 2017; Chang, et al., 2011; Chen & Su, 2017; Bruyaka, 2016; Scott, 2014; Tinoco, 2009; Wang & Tsai, 2017; Zacher & Rosing, 2015; Zheng & Liu, 2016). Like absorptive capacity, ambidexterity also has a role in building company innovation. Conceição, et al. (2018), Úbeda-García et al. (2018) and Chang et al. (2011) found that the relationship between innovation and ambidexterity increase company performance. Conceição et al. (2018) and Wang and Tsai (2017) used the term exploratory innovation and exploitative innovation in combining ambidexterity and company innovation. Meanwhile, Benitez et al. (2017) found the relationship and positive effect of ambidexterity on company innovation. It is also supported by Chen and Su (2017) who stated that there is an effect of ambidexterity on the company's innovation capability. Scott (2014) stated that building ambidexterity in pre-innovation business strategy, marketing, and information system since the beginning and establishing ambidexterity as a key strategic priority enables companies to build ambidextrous innovation capability and position them to continue succeed in the incremental market and radical innovation products. In the implementation of the relationship of innovation and ambidexterity, Tinoco (2009) stated that companies interested in pursuing strategic ambidexterity in innovation must implement all processes learned to improve the output of radical and gradual innovations. Ambidexterity that is always measured using exploration and exploitation will certainly stimulate the company's ability to innovate. Therefore, this study will analyze the relationship between ambidexterity and innovation capability furtherly.

H₄: Ambidexterity has positive and significant effect on innovation capability.

2.5. Innovation Capability and Quality Performance

From several aspects of the company that have been discussed, previous studies directed into one capability, namely innovation capability. Innovation capability is the ability of a company to carry out innovation (Calantone et al., 2002). The ability to innovate is inherent in all specs of company activities, both in the management of inputs, processes, and products. By having innovation capability, the company is able to improve the company's quality performance. Perlines and Montes (2019) found that innovation capability is able to provide a large contribution in the range of 27.5% toward company performance, especially in quality performance. Lages et al. (2009) found that organizational learning capabilities for innovation affect product quality through product innovation and relationship capabilities. Panayides (2006) found empirically that the antecedents and consequences of innovation or innovation capability of logistic service providers in particular relationship orientation is examined as antecedents to innovation, which in turn will lead to higher level of logistic service quality and company performance. Antunes et al. (2017) discussed innovation in the company in two dimensions, which is product innovation and innovation process. The result showed that innovation was capable of improving quality performance, especially the implementation of Total Quality Management (TQM). Kafetzopoulos and Psomas (2015) measured innovation capability with four dimensions, namely product innovation, process innovation, marketing innovation, and organizational innovation. To develop innovation capability, Saunila (2016) created a framework that begins with a work climate and leadership culture, so it can produce the right organizational structure, appropriate knowledge management, appropriate individual activities, and able to develop innovation capability. Yang (2012) provided a measurement of innovation capability with four indicators, including the development of basic skills and knowledge, emphasis on research and development, identification and creation of new values, and utilization of organizational intelligence for innovation. In fact, it can be concluded from several literatures that innovation capability has a significant role in the progress of the company. In the context of company performance, one of the aspects that can be developed through innovation capability is company's quality performance. Quality performance itself is the company's ability to create quality product and service functions (Soares et al. 2017). Quality performance is measured by Soares et al. (2017) with several indicators, including product feature and characteristics, quality improvement activities, product technical durability, product specification, and product function.

H₅: Innovation capability has positive and significant effect on innovation quality performance.

3. Research method

The population of this study includes three regions of creative industries in Indonesia, namely Yogyakarta, Pekalongan, and Cirebon. The reason for choosing these three regions is that those are places for the proliferation of creative industries that have their own distinctiveness and uniqueness. Yogyakarta has specialties in the field of pottery, while Pekalongan and Cirebon have specialties in Batik. This study uses mixed methods, which is combined quantitative and qualitative analysis. The quantitative data comes from primary data that is obtained through questionnaire distributed to 150 creative industry actors in Yogyakarta, Pekalongan, and Cirebon. The qualitative data is obtained from interview with creative industry actors in Yogyakarta, Pekalongan, and Cirebon. In Yogyakarta, the interviews were conducted with pottery industry actors in Kasongan, Bantul, Yogyakarta, while in Pekalongan and Cirebon the interview were conducted with batik industry actors. This study uses 5 variables which consist of 1 exogenous variable (knowledge sharing) and 4 endogenous variables (absorptive capacity, ambidexterity, innovation capability, and quality performance). The definition of each variable is as follows:

1. Knowledge Sharing is a process in which implicit or explicit knowledge is distributed and communicated to others (Fernandez & Sabherwal, 2010). The knowledge sharing indicators are as follows (Liao et al., 2007):

Donating:

- Share new work skills
- Share new information
- Share knowledge with colleagues is considered normal in the company

Collecting:

- Get new work skills from colleagues
- Get new information from colleagues
- Company staff often exchange knowledge about work skills and information

2. Absorptive Capacity is the ability to obtain, assimilate, and exploit external information for commercial purposes. It has become an important ability for companies to create competitiveness by developing new products or increasing flexibility. The absorptive capacity indicators are as follows:

- Search for relevant information
- Motivation of management to use information source
- Management expects employee to handle information outside
- Idea and concept are communicated across departments
- Periodic cross-department meetings
- Employees have the ability to arrange and use the knowledge gathered.
- Employees are accustomed to absorb new knowledge, prepare it for further purposes and make it available
- Employees succeed in connecting existing knowledge with new insights
- Employees can apply new knowledge in their practical work.

3. Ambidexterity is an integral construction in the company that describes the dual orientation between exploration and exploitation of the organization. The ambidexterity indicators are as follows (Comez, 2016):
 - Exploitation:
 - Increase economic scale
 - Expand service for client
 - Reduce the cost for internal process
 - Exploration:
 - Have motivation and encouragement to create new products and services
 - Experiment with new products and services in our local market
 - Commercialize truly new product and services
4. Innovation capability is the company’s ability to carry out innovation (Calantone et al., 2002). The innovation capability indicators are as follows (Yang, 2012):
 - Basic skills and knowledge development at the right speed
 - Emphasize on creativity through substantial investment
 - Identify and create new value for customers
 - Utilize organizational intelligence and technology to enhance innovation.
5. Quality performance is the ability of the company to create service function and quality product (Soares et al., 2017). The measurement of quality performance are as follows (Soares et al., 2017):
 - Products have different features/characteristics compared with competitors
 - Company often makes quality improvements
 - This product has higher technical endurance than competitors
 - Products that are provided are in accordance with pre-arranged specification
 - Product functions are above average when compared to competitors.

4. Results

4.1. Respondents’ Profile and Characteristic

Respondents’ characteristics in this study are explained in several criteria, including gender, age, education, and income. The explanation of the respondents’ characteristics is as follows:

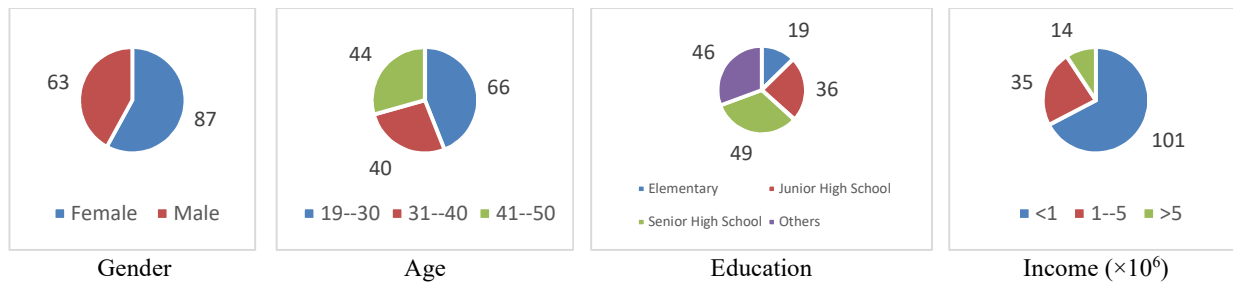


Fig. 1. Personal characteristics of the participants

4.2. Outer model

This study has one exogenous variable (knowledge sharing) and four endogenous variables including absorptive capacity, ambidexterity, innovation capability and firm performance. The relationship between each variable is illustrated in the outer model. Fig. 2. Presents details associated with outer model.

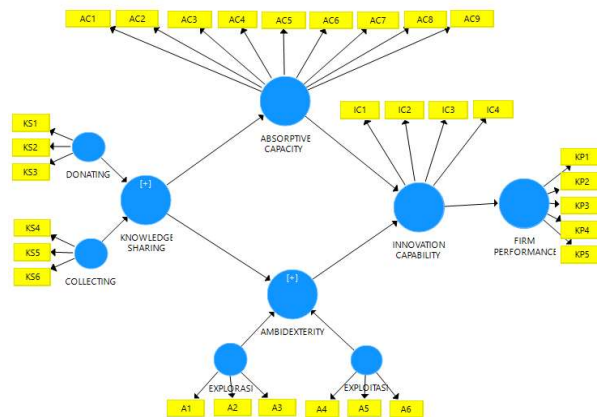


Fig. 2. The results of outer model

4.3. Convergent Validity

From the analysis result, it can be seen that factor loading value of all manifest variables were tested. From Table 1, it can be seen that all loading factor values are 0.70, so that all of the manifest variables meet the measurement model rules and can be continued for further testing.

Table 1
The summary of the results of convergent validity

Latent Variable	Dimension	Item Code	Loading Factor
Knowledge Sharing	Donating	KS1	0.759
		KS2	0.882
		KS3	0.929
	Collecting	KS4	0.787
		KS5	0.938
		KS6	0.901
Absorptive Capacity		AC1	0.781
		AC2	0.832
		AC3	0.63
		AC4	0.865
		AC5	0.755
		AC6	0.721
		AC7	0.854
		AC8	0.779
		AC9	0.789
Ambidexterity	Exploration	A1	0.871
		A2	0.842
		A3	0.779
	Exploitation	A4	0.948
		A5	0.793
		A6	0.822
Innovation Capability		IC1	0.951
		IC2	0.952
		IC3	0.959
		IC4	0.828
Quality Performance		QP1	0.755
		QP2	0.769
		QP3	0.859
		QP4	0.738
		QP5	0.773

Source: Processed Data, 2019

4.4. Discriminant Validity

Table 2
The results of discriminant validity

	ACAP	AMB	CL	DN	EXP	EXPR	IC	KS	QP
ACAP	0.99								
AMB	0.771	0.887							
CL	0.866	0.777	0.972						
DN	0.342	0.341	0.5	0.733					
EXP	0.863	0.861	0.701	0.133	0.801				
EXPR	0.786	0.759	0.726	0.576	0.64	0.832			
IC	0.796	0.776	0.566	0.227	0.792	0.605	0.924		
KS	0.818	0.836	0.887	0.688	0.624	0.766	0.535	0.796	
QP	0.749	0.746	0.651	0.341	0.634	0.614	0.577	0.641	0.717

Source: Processed Data, 2019

According to Table 1, the cross-loading value of each item has greater value than the square root of average variance extracted (AVE) value. The greatest value achieved when it is related with the latent variable compared to when it is related with other latent variables. This shows that each manifest variable in this study has correctly described its latent variables and proves that the discriminant validity of all items is valid.

4.5. Composite Reliability

Other than looking at the factor loading value of each construct as a validity test in the measurement model, we also carry out reliability test. In SEM-PLS, measuring construct reliability can be done in two ways: Cronbach's Alpha and Composite Reliability. From Table 3, it can be seen that the value of all variables in the reliability test using either Cronbach's Alpha or Composite Reliability is > 0.70 , and the validity test using Average Variance Extracted (AVE) is > 0.50 . Therefore, it can be concluded that the variable that is tested is valid and reliable, and it can be continued to test the structural model.

Table 3
The results of composite reliability

Variable	Cronbach's Alpha	Composite Reliability	AVE (Average Variance Extracted)
KS	0.913	0.923	0.929
ACAP	0.869	0.885	0.901
AMB	0.849	0.867	0.909
IC	0.796	0.75	0.769
QP	0.726	0.809	0.839

Table 4
The results of R-Square

Variable	R Square	R Square Adjusted
ACAP	0.669	0.666
AMB	0.89	0.887
IC	0.64	0.635
QP	0.333	0.329

Source: Processed Data, 2019

From the R Square calculation, it is found that QP variable is determined by IC for 33.3%, IC variable is determined by ACAP for 64%, AMB variable is determined by KS for 89%, and ACAP variable is determined by KS for 66.9%.

4.6. Hypothesis testing

From Table 5, it is known that knowledge sharing has positive and significant effect on absorptive capacity with the P value <0.05, which is 0.000 and *t* statistic value of > 1.96 which is 13.769. This study also proves that knowledge sharing has a significant effect on ambidexterity with the P value <0.05, which is 0.000 and *t* statistics value of > 1.96 which is 4.641. Absorptive capacity has positive and significant effect on innovation capability with the P value <0.05 which is 0.003 and *t* statistics value of >1.96 which is 3.008. Ambidexterity is also proved to have positive and significant effect on innovation capability with the p value <0.05 which is 0.000 and *t* statistic value > 1.96 which is 8.159. Innovation capability is also proved to have positive and significant effect on the company's quality performance with the P value <0.05 which is 0.000 and *t* statistics value of >1.96 which is 10.93.

Table 5
The results of path analysis

Construct	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values
KS → ACAP	0.818	0.83	0.059	13.769	0
KS → AMB	0.442	0.47	0.095	4.641	0
ACAP → IC	1.356	1.317	0.451	3.008	0.003
AMB → IC	0.535	0.526	0.066	8.159	0
IC → QP	0.577	0.597	0.053	10.93	0

Source: Processed Data, 2019

5. Discussion

Knowledge sharing is proven to have positive and significant effect on two important aspects in the company, namely absorptive capacity and ambidexterity. The effect of knowledge sharing on absorptive capacity is supported by Pai et al. (2013; Chang et al., 2011; Kang & Lee, 2016; Hatzakis, 2008; Lee et al., 2014; Liao et al., 2007; Mu et al., 2010; Rafique et al., 2017; Wang et al., 2017). The positive and significant relationship between knowledge sharing and ambidexterity is supported by several previous studies (e.g. Dranev & Chulok, 2015; Shawabkeh 2018; Filippini et al., 2012; Im & Rai, 2008; Liu, et al., 2018; Torres et al., 2015). They found a slightly different results, that knowledge sharing along with empowerment culture have a significant effect on the exploitation of the company. With knowledge sharing, the company is able to increase absorptive capacity and ambidexterity, and both of these aspects will make a major contribution to the company. This study also proves that absorptive capacity can have positive and significant effect on innovation capability. The effect of the relationship given by absorptive capacity on innovation capability is supported by several previous studies (Nätti et al., 2014; Daspit & Zavattaro, 2014; Bessant & Trifilova, 2017; Chandrashekar et al., 2018; Reid, 2018; Liu, 2017; Lowik et al., 2017; Huang et al., 2018; Liao, 2007; Gray, 2006). The significant effect has been supported by some previous studies (Conceição et al., 2018; Benitez et al., 2017; Chang, et al., 2011; Chen & Su, 2017; Bruyaka, 2016; Scott, 2014; Tinoco, 2009; Wang & Tsai, 2017; Zacher & Rosing, 2015; Zheng & Liu, 2016). The sustainability of the company is highly determined by the company's ability to innovate, which is called as innovation capability. This study proves that innovation capability has positive and significant effect on the company's quality performance. This result is supported by Perlins and Montes (2019), Antunes et al. (2017), Kafetzopoulos and Psomas (2015), Lages, et al. (2009), Panayides (2006) and Saunila (2016). The information of the relationship between knowledge sharing, absorptive capacity, ambidexterity, innovation capability, and quality performance are added through interviews with four informants. The first informant is a craftsman in the pottery industry in Kasongan, Yogyakarta. The second informant is a batik artisan in Pekalongan. The third informant is also a batik artisan in Pekalongan, while the fourth informant is a handicraft businessman from Cirebon.

“The regeneration in this company is done through learning to employees. They are taught to do things, so that they can open their own business later.” (R1)

From the statement, it is known that the implementation of knowledge sharing has become a culture among the craftsmen. Thus, pottery MSMEs in Kasongan becomes very developed and around 80% of the people in Kasongan become pottery craftsmen.

“We have a group association and cooperatives, which help each artisan and others. We can develop as well as learn, and we always share information between artisans, such as about the price of suppliers, etc.” (R2)

The implementation of knowledge sharing is able to provide the learning ability while creating profits, and it is a form of ambidexterity owned by the company. The results of this study are also supported by the informant who stated that:

“In Pekalongan, there is a term that is called boss. He is the one who can produce and sell batik on a large scale. They were once a batik artisan, the being taught the way to create batik and the business, so he could become a boss.” (R2)

Knowledge sharing culture is not only existed in Yogyakarta, but also in Pekalongan. Batik businessmen on a large scale is called ‘*juragan*’ or boss, and the birth of the boss is from the result of knowledge sharing culture in a company, in which the manager shares knowledge with his workers and among workers also share information, so that some of them can become new bosses. The informant admitted that the selling value of the product depends on product quality, and a good product quality is a result of a series of good quality performance, as stated in the statement below:

“When selling batik, the quality is very important. The better it is, the more expensive it is. For handmade batik, it takes month, patience, and foresight to create.” (R3)

The statement is also supported by another informant who stated that:

“We carry out continuous training for employees or prospective employees because we have to create product with good quality. If it is not good, we will lose the competitiveness and the product will not be selling well.” (R4)

From the informant’s statements, it is proved that knowledge sharing has become a tradition in the company, and even in the daily life, it could create the ability to explore and exploit simultaneously, the ability to absorb information as well as possible, and the ability to create innovation. The final result of all these efforts is the increase in quality performance, which leads to a high competitiveness.

6. Conclusion

The conclusion of this study is:

1. Knowledge sharing has positive and significant effect on absorptive capacity.
2. Knowledge sharing has positive and significant effect on ambidexterity.
3. Absorptive capacity has positive and significant effect on innovation capability.
4. Ambidexterity has positive and significant effect on innovation capability.
5. Innovation capability has positive and significant effect on company’s quality performance.

The result of this study shows that knowledge sharing has positive and significant effect on absorptive capacity and ambidexterity. Therefore, the business actors in creative industry in Yogyakarta, Pekalongan, and Cirebon are expected to increase knowledge sharing activity in the company. Creative industry is a skill-based industry, so knowledge and skill sharing activity becomes very important to be developed. With good knowledge sharing, absorptive capacity and ambidexterity will be created and make knowledge and information a separate competitiveness and lead companies to explore and exploit simultaneously. Absorptive capacity and ambidexterity are capabilities that are urgently needed in a dynamic and disruptive era, where markets are easily changed, competition is getting tough, and companies without innovation will die. This study also proves that with absorptive capacity and ambidexterity, companies will be able to create innovation capability. Creative industries need innovation for their products. Without innovation, creativity in this industry will seem lost. From several variables developed based on this research, the company will be able to create good quality performance. Quality is the key to success in the creative industry. The products are able to gain a broad market share because of their quality. This study provides solutions by maintaining and developing knowledge sharing, absorptive capacity, ambidexterity, and innovation capability.

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