

Abstract

This research purpose is to test and analyze the influence of: 1) people equity, VRIN resources, innovation capability towards SMEs performance; 2) social capital and people equity toward innovation capability; 3) social capital towards people equity; and 4) social capital towards VRIN resources. The population in this research is all group produces of small and medium enterprises (SMEs) in Kasongan Clay Crafts Centers which is the biggest one in Indonesia, located on Bantul Regency, Province of Daerah Istimewa Yogyakarta (DIY) as many as 582 SMEs spread in 15 sub village. The sampling technique that is used in this research is purposive sampling with amount of sample 237 SMEs. Whereas, statistic technique used in this research is Partial Least Square. Conclusion of this research is: 1) people equity, VRIN resources, and innovation capability have a significant positive result toward innovation capability; 2) social capital and people equity have a significant positive result toward innovation capability; 3) social capital has a significant positive result towards People Equity; 4) social capital has a significant positive result towards VRIN Resources; 5) VRIN Resources mediate the influence of social capital on performance of SMEs; 6) people equity mediate the influence of social capital on performance of SMEs; 7) innovation capability do not mediate the influence of people equity on performance of SMEs in Kasongan Clay Crafts Centers. 8) the influence of people equity on performance of SMEs in Kasongan Clay Crafts Centers is directly to the SMEs whose business is similar. People equity and innovation capabilities do not mediate the influence of social capital on performance of SMEs.

Key words

People Equity, VRIN resources, social capital, innovation capability, SMEs performances.