Financial Technology: From Temporary Disruption to New Financial Industry Model

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ABSTRACT

The digital transformation process in business has impacted every business globally. Unfortunately, the Covid-19 pandemic is adding to the pressure to exist even worse in situation. The research study is taking the impact of the disruptive financial technology services on sustaining the Small and Medium Enterprise during the pandemic. Using the study in Indonesia’s financial industry performance, the researcher wanted to find out the variables that able to sustain the temporary function of digital business into a permanent transformation of business function. A close look at the literature of company performance reveals that different variables have been used by the researchers to influence the performance of a company. They are human capability, customer orientation, and dynamic capability. However, the research has limitation for multi-group analysis, thus the researcher suggest that further study need to be continue to update changes that is not relevant in the future.

Introduction

In recent decade, the development of the financial industry has given a birth of a new type of financial business, namely Fintech. Fintech is a technology-based financial service where financial products are presented through technology-based financial application services. During the pandemic digital bank and its service is becoming a digital extension or digital extension of a traditional bank. According to research findings (OJK, 2018), the numbers of lender and borrowers accounts have been increasing exponentially during 2018 to 2019 by the hundreds to 35.000.000 lender accounts and 45.000.000 borrowers accounts respectively.

Small and medium enterprises in Indonesia contribute more than 60% of total GDP by its 58 million entrepreneurs. The problem is that only 12% of these...
entrepreneurs have credit access due to credit history deficiency (Ministry of Cooperative and SME, 2019).

![Credit Availability of Indonesia Population](image)

Figure 1. Credit Availability of Indonesia Population. 
Source: Central Bureau of Statistics, Central Bank of Indonesia (2022)

Indonesia as one of the highest unbankable populations in the world accounted for 58 million of small and medium enterprises in Indonesia, only 20% have access to credit because of the deficiency of credit history, statements or collateral (Ministry of Cooperative and SME, 2019). These small and medium businesses are a critical portion of economy, which contribute 57% of the total GDP in Indonesia (Ministry of Cooperative and SME, 2019). Beyond digital payments, another area of significant growth for fintech platforms is loans, where P2P lending is the most popular online option. The proportion of MSME-scale business units in Indonesia reached 99% with a workforce contribution of 97%. MSMEs contribute to national GDP by 57%. According to this figure, MSMEs in Indonesia can compete with ASEAN +3 and even European countries (Ministry of Cooperative and SME, 2019). With the help of fintech being active engaging the economy activities during these unfortunate period, the SME are able to withstand the devastating blow of the economy shut-down with as much as 52 of 55 Fintech Companies positively making contribution to direct lending to cater grass-root individual (47,3%) and SME (45,4%) needs (Xiang et al., 2018). Thus mean the interest level of the consumer remain high in demand of fintech lending in 2021 and near future. The pandemic push the need of alternative lending in even greater demand. Therefore, this research intends to analyze the effect of human capability, customer orientation, and dynamic capabilities into innovation capabilities and company performance in SME’s in Indonesia during pandemic Covid 19.

**Literature Review**

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Company Performance

Company Measurement plays a critical role in the everyday management of service businesses and in the development, implementation and adaptation of both strategy and operations. One of the most important generic instruments that has been used to measure company performance over the last decades has been the balanced scorecard approach (Kaplan and Norton 1996). A balanced scorecard approach tries to develop a holistic account of an organization ensuring that productivity enhancement occurs across an organization. Several quantitative measures and several qualitative assessments are included and placed in a matrix, included: financial performance, customer relations, internal business processes and innovation. In an analysis of the specific relationship between Human capability and company performance, Crook et al. (2011) found that Human capability is closely related to performance, especially when the Human capability in question is not easily traded in the labour market. For example, some studies have identified a positive relationship between human capability levels and company performance levels (Hayton, 2003; Shrader & Siegel, 2007; Skaggs & Youndt, 2004; Andersén, 2019). Thus, it is hypothesized:

H5: There is a positive relationship between Human capability (HC) and Corporate Performance (CP).

Innovation Capabilities

Lawson and Samson’s (2001) study of innovation management developed seven elements of innovation capabilities in terms of: vision, competence base, organizational intelligence, creativity, idea management, organizational structures and systems, culture and climate, and management of technology. Several studies focus on innovation capabilities SME reported a positive relationship between market orientations, learning and innovation capabilities in SMEs which show (Keskin et al., 2016). Ozkaya et al. (2015) argued that innovation capabilities mediate the relationship between knowledge and product innovation, as well as the relationship between inter-functional cooperation and product performance.

As a critical remark to the studies of innovation capabilities, few of these studies relate their concepts to the long-term survival of organizations. Since innovation is an essential perquisite to organization survival and performance (Yousaf et al., 2020), it shows the capability of a firm to link the capability to introduce new ideas, products and also services which will may have an impact on firm performance. Innovation can be view from many perspectives: the development of new product or services, alternative business model or strategies, new knowledge information, and an alternative delivery method (Ho, Nguyen, Adhikari, Miles, & Bonney, 2018). Thus, it is hypothesized:
H4: There is a positive relationship between Innovation Capabilities (IC) and Corporate Performance (CP).

H8: Innovation Capability (IC) fully mediated the relationship between Human capability (HC) and Company Performance (CP).

H9: Innovation Capability (IC) fully mediated the relationship between Dynamic Capital (DC) and Company Performance (CP).

H10: Innovation Capability (IC) fully mediated the relationship between Consumer Orientation (CO) and Company Performance (CP).

Human Capability

Charteris (2012) stated that a different level of education and training contribute to a different level of wages and salaries, the more knowledge, skill and ability, the more likely to get a better job. With the emergence of the knowledge-based economy, organizations put a heavy emphasize scarce resources and knowledge supply in order to increase organization, competitive advantage, and organizational effectiveness (Leroy et al., 2014). Continuous education and training as well as the rapidly changing trends of the global technology, for maintaining competitiveness of organization. Nieves & Quintana (2018) explained that human capability indicators were reflected by few characteristics, such as: highly skilled, highly competent, expertise and the capabilities to develop new ideas and knowledge.

Studies from Nieves & Quintana (2018) found that human capability have a positive significant impact on innovation. Therefore, it is critical to address the quality of human capability in management in order to be able to consistently create innovation that will impact company financial performance as well as the welfare of individual. Ayub et al. (2017), in their research, found Human capability are influenced by the skill or competencies of bank officers, knowledge, abilities, personal mastery and transformational leadership roles. Thus, it is hypothesized:

H1: There is a positive relationship between Human capability (HC) and Innovation Capabilities (IC).

Dynamic Capabilities

Dynamic Capabilities is defined as a combination of resources, knowledge, experiences, technologies, abilities and competencies of a region (Pechlaner et al., 2005). Because of the complexity of destination product and intrinsic characteristics of fintech, especially as a multi-level stakeholder-driven product (e.g. payment infrastructure, investment product, financial product, insurance, etc.), financial technology could be thought as a network of independent sectors inside the financial
industry. Therefore, in this study, the antecedents of dynamic capabilities are evaluated in multilevel manner in destinations. In this context, the multilevel theoretical model similar to approach of Rothaermel and Hess (2007), who investigated the relationship of dynamic capability with innovation, is adopted with the antecedents of Dynamic Capabilities are: at Individual level, indicating internal investments such as intellectual capital; Firm level, indicating internal investments such as market orientation and Network level, indicating external investments such as strategic alliances. Managerial capabilities appear to affect dynamic capabilities in terms of influencing resource-allocation decisions, organizational path-finding strategies and managers may have positive or negative impact on dynamic capabilities (Eriksson, 2014). How dynamic capabilities are identified, built and fostered depends on managerial processes (Feiler & Teece, 2014). Strønen et al. (2017), in their research, define dynamic capabilities as "the ability of an organization to intentionally create, expand and modify its resource base," and above that, we explain that innovation capabilities can be seen as potentially dynamic or not dynamic. Furthermore, in the research of Yoshikuni & Albertin (2017) found that dynamic capabilities capable of operational and analytical IT have a positive effect on improving business processes and company performance. Thus we hypothesized that:

H2: There is a positive relationship between Dynamic capabilities (DC) and Innovation Capabilities (IC).

H6: There is a positive relationship between Dynamic Capability (DC) and Corporate Performance (CP).

Customer Orientation

The advancement in the technology based system has established an entire new means for organizations to communicate with their clients. With this innovation, the banking industry, has faced an enormous revolution while reaching out to their customers. The banking sector has made maximum use of this growth, building a variety of distribution channels to attract tech savvy customers, boost business prospects and safeguard consumer loyalty (George and Kumar, 2014). According to Wang et al. (2017) it has emerged to be a most profit-making e-commerce application and many banks have introduced Internet banking in order to provide themselves with the dual benefits of enhanced customer service and reduced cost. Moreover, this mode of banking will not only benefit banks but eventually it will also satisfy the need of their customers (Shahzad et al., 2017; Rahi & Ghani, 2018). Through the Internet banking customers can have access to various banking activities from anywhere and at any time that too with a much lowered handling cost (Yoon and Steege, 2013). Internet banking, unlike conventional banking, lets clients interact with the website rather than a representative making the banking system more cost effective and helping to build healthier relations with the clients (Rod and Ashill, 2010; DeYoung et
Kolbe et al (2021) in their research showed that innovation capabilities and customer orientation are drivers of export performance. In addition, proactive market orientation has been found to have an indirect effect on export yields. Another case of Ichoroh, (2021) in his research found that there is a positive and significant relationship between consumer orientation and competitor awareness about company performance. Thus, it is hypothesized:

H3: There is a positive relationship between Consumer Orientation (CO) and Innovation Capabilities (IC).

H7: There is a positive relationship between Consumer Orientation (CO) and Corporate Performance (CP).

Based on the explanation of the literature review, this study proposes a research framework as follow:

![Research Framework](image)

**Figure 2. Research Framework on Fintech impact on SME performance through Innovation Capability**

**Method**

This research uses deductive analysis to test the theory that relevant with research topic (Sekaran & Bougie, 2016). The research tool was constructed on a five point-scale varying between “1” as strongly disagree and “5” as strongly agree. Primary data source is from banking SME customers in Indonesia that uses digital banking. The research focuses on the quality of company performance using research base on the
financial technology sectors. The measurement instrument is quantitative survey base on list of questionnaire filled by respondent and sent by email. The sample for this study consists of individuals at the preliminary screening phase, who have experienced in digital banking, e-money, digital payment channel, and financial lending activities. Moreover, data were collected along with the sample attributes such as age, gender, education level, occupation, and last but not least experience level by number of transaction or use of fintech and digital banking in daily period. All the data collected will be analyzed using statistical tools SMART PLS.

**Result and Discussion**

Adjusted R-Square (R2) value or the coefficient of determination of the Corporate Performance construct as it shown table 1 is 0.723. These results indicate that the endogenous variable Corporate Performance can be explained by exogenous variables of 72.3% while the remaining 27.5% is explained by other exogenous variables outside this study. Meanwhile, the coefficient of determination of the Innovation Capability construct is 0.695. These results indicate that the endogenous variable of Innovation Capability can be explained by exogenous variables of 69.5% while the remaining 30.5% is explained by other exogenous variables outside of this study.

<table>
<thead>
<tr>
<th></th>
<th>R Square</th>
<th>R Square Adjusted</th>
</tr>
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<tbody>
<tr>
<td>Corporate Performance</td>
<td>0.729</td>
<td>0.723</td>
</tr>
<tr>
<td>Innovation Capability</td>
<td>0.700</td>
<td>0.695</td>
</tr>
</tbody>
</table>

Structural Model measurement explain the relationship between the latent variable in the research hypotheses. It is evaluated by measuring the percentage of variance that being testing the t-statistic significance value based on resampling procedure and measurement of the R-square to the endogenous latent variable and hence covariance value relationship between latent variables. The evaluation based on the research Structural Model (SmartPLS) is shown under this diagram below.

|                      | Original Sample (O) | T Statistics (|O/STDEV|) | P Values | Conclusion |
|----------------------|---------------------|----------------|----------|------------|
| H1                   | Human Capability -> Innovation Capabilities | 0.335 | 4.076 | 0.000 | Accepted |
| H2                   | Dynamic Capability -> Innovation Capabilities | 0.288 | 2.933 | 0.003 | Accepted |

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| Hypothesis | Relationship | T Statistics (|O/STDEV|) | P Values | Conclusion |
|------------|--------------|-----------------|----------|------------|
| H3         | Customer Orientation -> Innovation Capabilities | 0.297 | 2.815 | 0.005 | Accepted |
| H4         | Innovation Capabilities -> Corporate Performance | 0.311 | 3.540 | 0.000 | Accepted |
| H5         | Human Capability -> Corporate Performance | 0.276 | 3.547 | 0.000 | Accepted |
| H6         | Dynamic Capability -> Corporate Performance | 0.299 | 3.148 | 0.002 | Accepted |
| H7         | Customer Orientation -> Corporate Performance | 0.058 | 0.553 | 0.580 | Rejected |
| H8         | Innovation Capability -> Corporate Performance | 0.104 | 2.528 | 0.012 | Accepted |
| H9         | Dynamic Capability -> Corporate Performance | 0.090 | 2.036 | 0.042 | Accepted |
| H10        | Innovation Capability -> Corporate Performance | 0.092 | 2.363 | 0.018 | Accepted |

**Discussion**

This study aims to analyze the relationship between human capability, dynamic capability, and consumer orientation towards company performance through innovation capability as an intervening variable. Exogenous variables assessed in this research model are human capability, dynamic capability, and consumer orientation. While the endogenous variables assessed in this research model are company performance and innovation capability as mediating variables.

Influence of Human Capability to Innovation Capability Based on the test results, human capability was found to have a positive and significant effect on innovation capability, so it can be concluded that the first hypothesis (H1) is accepted. The results of this study are in line with research conducted by Debrulle et al., (2014) which found that human capability has a positive and significant effect on innovation capability. From these findings, it can be concluded that the higher the human capability possessed by human resources in companies engaged in finance, the higher the innovation capability. This is due to the importance of human resources in improving innovation capabilities. Companies must meet the demands of innovation to meet market needs, create new needs for the market and anticipate technological
developments. Where human capability (human capability) includes three aspects, namely education, skills and health. To achieve optimal results, human capability must be carried out strategically in line with the company's strategy so that the existing human capability will encourage ideas that result in the introduction of new goods or services or improvements in offering goods or services within the company. The Theory of Human capability in the field of Economics which includes aspects of human capability and innovation capability illustrates the importance of maximizing the workforce and how companies can gather the abilities of their employees, hone knowledge and skills, to increase the capacity of their employees. With the emergence of a knowledge-based economy, organizations are emphasizing on the supply of knowledge to enhance innovation in organization (Debrulle et al., 2014).

Influence of Dynamic Capability to Innovation Capability Based on the test results, dynamic capability was found to have a positive and significant effect on innovation capability, so it can be concluded that the second hypothesis (H2) is accepted. It can be concluded that the higher the dynamic capability possessed by human resources in companies engaged in finance, the higher the innovation capability directly. Employees at companies operating in the financial sector are considered to have participated in the dynamic capability implemented by the company where the company integrates, builds, and reconfigures internal and external competencies to face a rapidly changing environment with human resources included. Dynamic capabilities are considered to have an important role in uniting human capability and consumer orientation in their roles that form innovation capability (Teece, 2018). Teece, (2007) Dynamic capability is the company's potential to systematically solve problems, shaped by its tendency to perceive opportunities and threats, to make timely and market-oriented decisions, and to change its resource base. Dynamic capabilities are defined as the integration between capabilities, knowledge, experience, technology, resources, and competencies of a region. The results of this study are in line with research conducted by Teece, (2018) which found that dynamic capability has an effect on innovation capability.

Influence of Consumer Orientation to Innovation Capability Based on the test results, consumer orientation was found to have a positive and significant effect on innovation capability, so it can be concluded that the third hypothesis (H3) is accepted. It can be concluded that the higher the consumer orientation of the company's consumers engaged in finance, the higher the innovation capability directly. Consumer orientation increases organizational creativity and innovation capability, in which increases company revenue and financial performance. The relationship between consumer orientation, creativity capability, innovation capability and company performance varies depending on company size, market dynamism and type of company (Racela & Thoumrungroje, 2020). The creativity of the ability to innovate addresses learning processes, including collecting and using past and present information and better adapting and using future events. In this way, company-wide
information can be obtained from the internal and external environment of the company that influences the frequency and level of creative activity. Part of a company’s understanding of the external environment develops through customer interaction (Racela, 2014). The study focuses on product and service quality, communication, and ongoing service and support which are the three main drivers of customer value. It is said that product and service quality, communication and continuous service are constantly changing and adapting to customer behavior. The results of this study are in line with research conducted by, finding that consumer orientation has an effect on innovation capability. The study focuses on product and service quality, communication, and ongoing service and support, in which are the three main drivers of customer value. It is said that product and service quality, communication and continuous service are constantly changing and adapting to customer behavior. The results of this study are in line with research conducted by (Mittal & Sridhar, 2020), which found that consumer orientation has an effect on innovation capability.

Influence of Innovation Capability to Corporate Performance Based on the test results, innovation capability was found to have a positive and significant effect on corporate performance, so it can be concluded that the fourth hypothesis (H4) is accepted. It can be concluded that the higher the innovation capability possessed by employees in companies engaged in finance, the more direct corporate performance will be. With innovation capability, it can improve corporate performance because of innovations and new ideas that develop with the aim of advancing the company. Company performance is the main measurement for business. Where these parameters will be a reference for users of information to carry out strategic planning. Digital financial transformation is measured by indicators of the desire to use information technology in obtaining business information. Desire to adopt information technology in payment processing, and desire to use information technology in business management decisions (Purwanto et al., 2020). Study of Lawson & Samson, (2001) on innovation management states that organizations that have innovation capabilities have the ability to integrate the capabilities and key resources of their companies to successfully stimulate innovation. The results of this study are in line with research conducted by Liu et al., (2019), finding that innovation capability has an effect on corporate performance.

Influence of Human Capability to Corporate Performance Based on the test results, human capability was found to have a positive and significant effect on corporate performance, so it can be concluded that the fifth hypothesis (H5) is accepted. It can be concluded that the higher the human capability possessed by employees in companies engaged in finance, the higher the direct corporate performance will be. According to Isfianadewi et al., (2019), there is a significant positive correlation between innovation ability on SME performance. This shows that
SMEs and companies with high innovation capabilities will be able to increase their growth through the adoption of financial technology.

The most frequent and common measurement of the performance of a bank/financial company/company is to use quantitative figures in financial statements and financial ratios such as: financial statements income/profit and loss statements, balance sheets, cash flows, management accounts, changes in equity statements and financial ratios. According to Mukhtar (2018), personal competence is a variety of knowledge tools that exist in human capability to support performance. Social competence, which is a set of certain behaviors that are the basis of self-understanding as an integral part of the social environment. These two perspectives are key components in having human capability. The results of this study are in line with research conducted by Shahzad et al., (2017) and Nugroho et al., (2021) which found that human capability had a positive and significant effect on corporate performance.

4.3.6 Influence of Dynamic Capability to Corporate Performance

Based on the test results, dynamic capability was found to have a positive and significant effect on corporate performance, so it can be concluded that the sixth hypothesis (H6) is accepted. It can be concluded that the higher the dynamic capability possessed by employees in companies engaged in finance, the higher the direct corporate performance will be. According to Teece, (2018) dynamic capability is defined as the integration between capabilities, knowledge, experience, technology, resources, and competencies of a region. Teece, (2007) Dynamic capability is the company's potential to systematically solve problems, shaped by its tendency to perceive opportunities and threats, to make timely and market-oriented decisions, and to change its resource base. This is in line with the findings Eisenhardt & Martin, (2000) which reveal dynamic capabilities as antecedents which are the company's strategic routines that help or change the company's resource base when needed. The aim is to devise such value-creating strategies that enhance corporate performance. This result is align with the research result of Eisenhardt & Martin, (2000), which found that dynamic capability is positively and significantly influence corporate performance.

4.3.7 Influence of Customer Orientation to Corporate Performance

Based on the test results, customer orientation was found to have a positive and insignificant effect on corporate performance, so it can be concluded that the seventh hypothesis (H7) is rejected. The results of this study are not in line with research conducted by Nieves & Quintana, (2018) which found that customer orientation has a positive and insignificant effect on corporate performance in companies engaged in finance. In addition to this research, research conducted by Lubis et al., (2019) found results that contradict this research that there is an influence between customer orientation and corporate performance. Customer orientation is a type of orientation where consumer needs become the basis for an organization to plan and design its strategy (Valentine, 2015). Customer-oriented companies always try to explore what the company can provide by making
the best goods or services. The implementation of good customer orientation will contribute to the improvement of corporate performance.

Mediating Role of Innovation Capability in Relationship between Human Capability and Corporate Performance Base on the test results on the indirect effect of human capability and corporate performance through the mediating variable, innovation capability has a positive and significant effect. Thus, it can be concluded that innovation capability mediates the partial mediation between human capability and corporate performance. The reason is due to there is no change which occurs in the influence of a direct relationship (direct effects) and an indirect relationship (indirect effects), which previously, it was known that human capability and corporate performance had a positive and significant influence. The influence of innovation capability, human capability and corporate performance also found to have a positive and significant effect. From these results, it can be concluded that the existence of innovation capability on the relationship between human capability and corporate performance has a positive effect. It is also a connecting variable between endogenous and exogenous variables.

Mediating Role of Innovation Capability to Relationship between Dynamic Capability and Corporate Performance Base on the test results on the indirect effect of dynamic capability and corporate performance through the mediation variable, innovation capability has a positive and significant effect. It can be concluded that innovation capability mediates the relationship partially (partial mediation) between dynamic capability and corporate performance. There is no change which occurs in the influence of a direct relationship (direct effects) and indirect relationships (indirect effects), where if previously known dynamic capability and corporate performance have a positive and significant influence. The influence is found to have positive relationship through innovation capability, dynamic capability and corporate performance and significant effect to it. From these results, it can be concluded that the presence of innovation capability on the relationship between dynamic capability and corporate performance has an effect and is also a connecting variable between endogenous and exogenous variables.

Mediating Role of Innovation Capability to Relationship Between Customer Orientation and Corporate Performance Base on the test results on the indirect effect of customer orientation and corporate performance through the mediation variable, innovation capability has a positive and significant effect, so it can be concluded that innovation capability mediates the relationship partially (partial mediation) between customer orientation and corporate performance. In addition, there is no change which occurs in the influence of a direct relationship (direct effects) and indirect relationships (indirect effects) where if previously it was known that customer orientation and corporate performance had a positive and significant influence, this influence was found to have no change if through innovation capability, customer orientation and
corporate performance. Hence, having a positive and significant effect. From these results, it can be concluded that the existence of innovation capability on the relationship between customer orientation and corporate performance has an effect and connecting variable between endogenous and exogenous variables.

Conclusion

Based on the results of hypothesis testing and discussion presented in the previous chapter, the research’s conclusions can be presented, as follows: Human capability was found to have a positive and significant effect on innovation capability. This proves that the high existing human capability factor is able to increase innovation capability. Dynamic capability was found to have a positive and significant effect on innovation capability. This proves that the high dynamic capability factor is able to increase innovation capability. Customer orientation was found to have a positive and significant effect on corporate performance. This proves that the high existing customer orientation factor is able to increase innovation capability. Innovation capability was found to have a positive and significant effect on corporate performance. This proves that the high existing innovation capability factor is able to improve corporate performance. Human capability was found to have a positive and significant effect on corporate performance. This proves that the high human capability factor is able to improve corporate performance. Dynamic capability was found to have a positive and significant effect on corporate performance. This proves that the high dynamic capability factor is able to improve corporate performance. Customer orientation was found to have a positive but not significant effect on corporate performance. This proves that the existing customer orientation factor has an effect but not significantly on corporate performance. Innovation capability acts as a mediating variable (partial mediation) in the relationship between human capability and corporate performance. This proves that the mediation of Innovation capability is able to improve corporate performance caused by the high human capability factor although it is not fully mediating. Innovation capability acts as a mediating variable (partial mediation) in the relationship between dynamic capability and corporate performance. This proves that the mediation of Innovation capability is able to improve corporate performance due to the high dynamic capability factor, although it is not fully mediated. Innovation capability acts as a mediating variable (partial mediation) in customer orientation relationships to corporate performance. This proves that the mediation of innovation capability is able to improve corporate performance due to the high customer orientation factor, although it is not fully mediating.

Research Contributions

Based on the background mentioned above, the researcher suggested for readers to benefits from the research as categorized in three category perspectives. The
first research benefit is the benefit to the SMEs. The top priority of an organization is to create maximum profits for the shareholders. In this research, company performance is the main objective that becomes the benchmark for the success of an innovation is the result of the company’s performance. OJK, (2020) Given data result from Indonesia Financial Regulator, credit access for SMEs estimated to be IDR 4.3 trillion, while in 2019 the additional credit access has achieved IDR 7.5 trillion and IDR 19.4 trillion in 2020.

The next benefits are expected to be felt by the SME sector. Since almost 80% of Indonesia population is still pertain an unbankable status, credit access for SMEs allows for better liquidity management and provides leverage that enables expansion, therefore resulting in better business capabilities. (Indonesia Financial Services Authority (OJK), 2020) Accumulative contribution by Fintech Lending to individual credit access may increase up to 4.9% in 2019, and expected to further increase up to 12.4% in 2020. By addressing the large number of SMEs that require access to banking liquidity that is not fulfilled, the presence of financial technology companies is very important for the SME sector in Indonesia. Hence, creating a strong foundation for the financial health of the whole economy.

The third contribution of the research is aim for the banks as the backbone of economy. There is a concerning gap that show a dysfunctional between the traditional banking with the new digital banking. These legacy banks need to make a better change in order to survive the competition from financial technology company that fill the void that left untouched by the banking industry.

The last contribution is address for the academic practitioner. Academician are the backbone of the education and socialization process for improving the country's human resources. Where this knowledge distribution channel can be the foundation and resource for future generations. Given the research objectives mentioned above, it is crucial for reader to understand the future of digital banking and financial industry. Thus having ability to develop skill-sets and experience that required in financial industry, to materialize on future job opportunities available, having the ability weigh the cost and benefit in incorporating technology in daily activities, and having the know how to make new innovation in financial industry are incredibly important for everyone.

Research Limitation

This study has limitations that can be taken into consideration for future research, stated in paragraphs below: This research was conducted on several financial companies, so the results obtained cannot be used to identify problems specifically in one company. The results of this study were obtain with the general characteristics of respondents; further research is expected to be able to see the differences between
respondents based on company size using multi group analysis technique. The research examines a matter perception, not empirical actualization. Therefore, the research has some limitation to prove an empirical case model. For this reason, further future research is expected to focus on the output of the empirical model.

**Future Research Recommendation**

Based on the results of the research conducted, the researchers provide some suggestions because this research still has several limitations from several aspects so that improvements need to be made in further research, including: Researchers suggest that further research should add other exogenous variables considering that endogenous corporate performance variables in this study can only be explained by exogenous variables of human capability, dynamic capability, and customer orientation of 0.723 (72.3%). In addition, the endogenous innovation capability variable in this study can be explain by exogenous human capability, dynamic capability, and customer orientation variables of 0.695 (69.5%).

The researcher recommends for further research to include a moderating variable, namely Competitive Agility variable. The variable is expected to strengthen the relationship between customer orientation and corporate performance which was found to have no effect. Customer orientation is not able to improve the company's performance considering that many competitors already have the capability to meet customer demands. For such purpose, we need agility of the company to be able to compete with others. The researcher recommends trying other roles of dynamic capability, such as the moderating variable role that can strengthen human capability towards corporate performance. Further research is expected to incorporate the technology acceptance model (TAM) theory as one of the independent variables in consideration that one of the innovations SMEs can do is to develop technology application that can help in business innovation.

The researcher recommends further research to add moderating variables, such as Inclusion of Technology and Company Size to be able to take a deeper look at the problems that exist in SME along with the increasing use of growing technology and address agility of organization to changes, respectively. Researchers suggest management in companies engaged in finance to pay attention to the human capability factor, especially in the HC1 statement item, namely "I feel my personal education has help me to solve work problems?" which means that respondents do not fully agree with the current respondent's education can help respondents solve work problems. It was suggested by the researcher that by being able to increase these factors, human capability and company performance will also increase, respectively. The researcher suggests to the management of companies engaged in finance to pay attention to the dynamic capability factor, especially in the DC3 statement item, namely "I function well outside my comfort zone?", means that the respondent does not fully agree with
the respondent being able to position themselves well outside their comfort zone. It is suggested that by increasing these factors, dynamic capability and company performance will increase. The researcher advises the management of companies engaged in finance to pay attention to the customer orientation factor, especially in the CO1 statement item, namely "My company is effectively developing the market intelligence process?", which means that respondents do not fully agree that my company is effectively developing a market intelligence process. It is inclined that by increasing these factors, customer orientation and company performance will increase.

The researcher suggests to the management of companies engaged in finance to pay attention to the innovation capability factor, especially in the IC4 statement item, namely "More than 80% of managers at my company have ability in innovation?" which means that respondents do not fully agree that more than 80% of managers in companies have the ability to innovate. It is inclined that by increasing these factors, innovation capability and company performance will increase respectively. The researcher suggests that management in companies operating in the financial sector pay attention to the company performance factor, especially the CP5 statement item, namely "I increase my skills by engaging with innovative products/services?" which means that respondents do not fully agree with if respondents improve skills by engaging with innovative products or services. It is inclined that by increasing these factors, company performance will increase.

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References


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