ABSTRACT

This research was aimed to develop strategy theory of increasing marketing performances in Batik Cirebon SMEs Regency West Java. Strategy theory was developed in accordance with the analysis on the relationship between the positive influence of product innovation, relational capability, market sensing capability, and the power of green marketing network towards marketing performance through empirical study on Batik Cirebon SMEs, West Java. This empirical method is developed to analyze the relationship. This model in this research had 6 (six) hypotheses developed based on theory about the resource advantages and social capital.

The empirical models in this research were analyzed statistically using SEM (*Structural Equation Modeling)*. There were 260 respondents who were the owners and managers of on Batik Cirebon SMEs used as samples in this research. Based on SEM analysis, empirical models in this research showed good and fit result.

Hypothesis testing resulted that all six hypotheses were accepted. First hypothesis from statistical result for testing the influence of product innovation towards the power of green marketing network showed score C R was 4.360 with the probability of 0.000 so when probability significance $\alpha < 0,05$, first hypothesis was accepted. Second hypothesis from statistical result for testing the influence of relational capability towards the power of green marketing network showed score C R was 4.037 with the probability of 0.000 so when probability significance $\alpha < 0,05$, first hypothesis was accepted. Third hypothesis from statistical result for testing the influence of market sensing capability towards the power of green marketing network showed score C.R was 2.894 with the probability of 0,004 so when the probability significance $\alpha < 0.05$, third hypothesis was accepted. Forth hypothesis, from statistical result for testing the influence of relational capacity towards marketing performance, showed score C R was 2.289 with the probability of 0.022 so that the probability significance $\alpha < 0,05$, forth hypothesis was accepted. Fifth hypothesis, from statistical result for testing the influence of market relational capability showed C.R was 3,029 with probability of 0,002 so that probability significance $\alpha < 0.05$, fifth hypothesis was accepted.

Keywords: Product innovation, Relational Capability, Market Sensing Capability, The power of Green Marketing Network, Marketing Performance