

ENHANCING AMBIDEXTROUS INNOVATION THROUGH DIGITAL CAPABILITY AND KNOWLEDGE MANAGEMENT IN FLORIST SMEs

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Abstract

This study aims to analyze the influence of digital capability on ambidextrous innovation through knowledge management among florist SMEs in Banjarmasin. The research problem is based on the need for SMEs to adapt to digital transformation, changing consumer preferences, and increasing demands for continuous innovation. Digital capability enables business owners to utilize digital technologies in managing business activities, while knowledge management helps transform information and experience into useful knowledge for innovation. This study employed a quantitative approach using a survey method. The population consisted of active florist SME owners in Banjarmasin, with a sample of 60 respondents. Data were collected through questionnaires and analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS software. The results show that digital capability has a positive and significant effect on ambidextrous innovation. Digital capability also has a positive and significant effect on knowledge management, and knowledge management has a positive and significant effect on ambidextrous innovation. Furthermore, knowledge management mediates the influence of digital capability on ambidextrous innovation. These findings indicate that digital capability can enhance ambidextrous innovation more effectively when supported by strong knowledge management practices.

Keywords: Ambidextrous Innovation; Digital Capability; Florist SMEs; Knowledge Management; SMEs.

INTRODUCTION

Digital transformation has become one of the main drivers of change in the contemporary business environment. The rapid development of digital technology has changed how organizations manage business processes, interact with customers, access market information, and create value. Digital transformation is not only related to the adoption of digital tools, but also to broader organizational change that affects strategy, structure, processes, and value creation (Vial, 2019; Warner & Wäger, 2019). For micro, small, and medium enterprises (SMEs), digitalization is no longer merely an optional strategy but has become an important requirement for maintaining competitiveness and business sustainability. In Indonesia, the digital economy and SME development have become important parts of the national development agenda. The

increasing role of digital platforms is reflected in the growth of e-commerce transactions, which reached IDR 537 trillion in 2024 (Kementerian Koordinator Bidang Perekonomian Republik Indonesia, 2024).

However, the development of the digital economy has not been fully followed by the optimal use of digital technology among SMEs. Many SMEs still rely on offline stores, have limited use of digital marketplaces, and have not implemented formal financial recording practices (Bank Indonesia, 2023; Kementerian Koordinator Bidang Perekonomian Republik Indonesia, 2024). These conditions indicate that the challenge of SME digitalization is not only related to technology adoption, but also to the ability to manage information, knowledge, and business resources effectively. This is in line with the knowledge-based view, which emphasizes knowledge as a strategic organizational resource that supports value creation and competitive advantage (Grant, 1996; Nonaka & Takeuchi, 1995). Therefore, SME competitiveness in the digital era is determined not only by the use of digital tools, but also by the ability to convert digital capability into organizational learning and innovation.

The issue of SME digitalization is also relevant in Banjarmasin, one of the economic centers in South Kalimantan. According to the Banjarmasin City Government, there were 35,897 micro and small enterprises in Banjarmasin in 2023, consisting of 32,167 micro enterprises and 3,730 small enterprises (Pemerintah Kota Banjarmasin, 2023). The large number of SMEs indicates the important role of this sector in supporting local economic activities and employment. At the same time, it also reflects a competitive business environment in which SMEs must continuously adapt to market changes, technological development, and shifting consumer preferences.

One SME sector that faces strong pressure to adapt and innovate is the florist business. Florist SMEs operate in a market that is closely related to consumer taste, design trends, social moments, and personalized services. Digital technology has changed how florist businesses promote products, communicate with customers, receive orders, and display their design portfolios. Social media, digital marketplaces, messaging applications, and other online platforms have become important channels for reaching customers and building business relationships. At the same time, florist SMEs are required to continuously develop product variations, floral designs, and service innovations that match market trends. This condition shows that the success of florist SMEs depends not only on maintaining existing products and services, but also on their ability to develop new ideas and improvements continuously.

This ability is closely related to the concept of ambidextrous innovation. Ambidextrous innovation refers to an organization's ability to balance exploratory and exploitative innovation. Exploratory innovation emphasizes the search for new opportunities, new products, new services, and new market approaches, while exploitative innovation focuses on improving existing products, services, processes, and competencies (March, 1991). O'Reilly & Tushman (2008) also explain that

ambidexterity can be viewed as a dynamic capability because it enables organizations to simultaneously pursue efficiency and adaptation. For florist SMEs, exploitative innovation can be reflected in improving existing floral arrangements, service quality, delivery systems, and customer communication, while exploratory innovation can be reflected in developing new design concepts, adopting new digital platforms, and creating new service packages.

Theoretically, this study is grounded in Dynamic Capability Theory. This theory explains that competitive advantage is not only determined by the resources owned by an organization, but also by the organization's ability to integrate, build, and reconfigure internal and external resources in response to a changing environment (Teece et al., 1997). Eisenhardt & Martin (2000) describe dynamic capabilities as organizational processes that enable firms to integrate, reconfigure, gain, and release resources to match changing market conditions. Teece (2007) further explains that dynamic capabilities involve the ability to sense opportunities and threats, seize opportunities, and transform organizational resources and processes. In the context of SME digital transformation, digital capability can be understood as an important capability that enables business owners to utilize digital technology to respond to changes, improve business processes, and create innovation.

Digital capability refers to an organization's ability to integrate, use, and leverage digital technologies to support business processes, decision-making, and value creation. In the SME context, digital-related capabilities may support not only operational efficiency, but also knowledge development, innovation, and competitiveness (Nasiri et al., 2020). In the context of florist SMEs, digital capability is not limited to the use of social media or marketplaces for promotion. It also includes the ability to utilize digital information to understand customer needs, identify market trends, manage communication, and support product and service development. SMEs with stronger digital capability are expected to have better access to market knowledge and greater potential to create innovation.

Nevertheless, digital capability does not automatically lead to ambidextrous innovation. Digital technology can generate large amounts of information, but such information must be managed, shared, and applied before it becomes valuable for innovation. Knowledge management plays an important role in this process. Knowledge management refers to systematic processes that include knowledge creation, storage, transfer, sharing, utilization, and application within an organization (Alavi & Leidner, 2001). Through knowledge management, information obtained from customers, suppliers, competitors, digital platforms, and business experience can be converted into strategic knowledge. For florist SMEs, knowledge management helps business owners understand customer preferences, evaluate market trends, improve existing products, and develop new ideas for innovation.

Previous studies have increasingly discussed the relationship between digital capability, knowledge management, and ambidextrous innovation. Wang et al. (2024) found that digital capability supports ambidextrous innovation through effective knowledge management, indicating that knowledge management can act as a mechanism connecting digital capability with innovation outcomes. Other studies also show that knowledge management capability can strengthen innovation and digital transformation by enabling organizations to process, share, and apply knowledge more effectively (Alshareef & Emeagwali, 2026; Khattak et al., 2025). In addition, digital capability and digital platform capability have been found to support innovation ambidexterity through organizational flexibility, knowledge orchestration, and adaptive capability (Jiang et al., 2025; Li et al., 2025).

Although previous studies have emphasized the importance of digital capability and knowledge management in improving innovation, many of them have been conducted in larger organizations, manufacturing firms, or technology-based enterprises. Research in the context of small creative businesses, especially florist SMEs, remains limited. This gap is important because SMEs often have different organizational characteristics compared to larger firms, such as limited resources, informal management systems, dependence on business owners, and flexible but less structured decision-making processes. Florist SMEs are also unique because they combine creativity, customer personalization, trend sensitivity, and operational responsiveness. Therefore, examining the mediating role of knowledge management in the relationship between digital capability and ambidextrous innovation can provide a more contextual understanding of how small creative businesses transform digital resources into innovation outcomes.

Based on this background, this study aims to analyze the influence of digital capability on ambidextrous innovation through knowledge management among florist SMEs in Banjarmasin. This study contributes to the development of Dynamic Capability Theory by explaining how digital capability can be transformed into ambidextrous innovation through knowledge management in the context of SMEs. Practically, this study provides insights for florist SME owners that the use of digital technology should not stop at promotion or communication activities. Digital capability needs to be supported by effective knowledge management practices so that information obtained from digital activities can be converted into knowledge that supports continuous innovation. Based on the theoretical background and previous empirical findings, the proposed research model is presented in Figure 1.

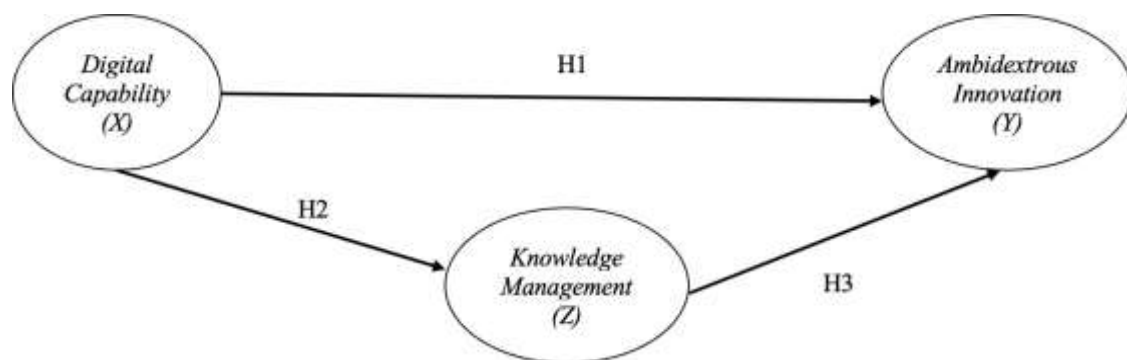


Figure 1. Research Model

Based on the research model, the hypotheses of this study are formulated as follows:

H1: Digital capability has a positive and significant effect on ambidextrous innovation.

H2: Digital capability has a positive and significant effect on knowledge management.

H3: Knowledge management has a positive and significant effect on ambidextrous innovation.

H4: Knowledge management mediates the effect of digital capability on ambidextrous innovation.

RESEARCH METHOD

This study used a quantitative approach with an explanatory design to examine the effect of digital capability on ambidextrous innovation through knowledge management. Digital capability was treated as the independent variable, knowledge management as the mediating variable, and ambidextrous innovation as the dependent variable. Quantitative research was used because the study tested relationships among variables based on numerical data obtained from respondents (Sugiyono, 2019).

The population consisted of active florist SMEs in Banjarmasin City. The unit of analysis was the owner or manager of a florist SME because they were directly involved in business operations, digital technology use, knowledge management practices, and innovation decisions. Respondents were selected using purposive sampling with the criteria of operating a florist or bouquet business in Banjarmasin, actively running the business during the research period, and being involved in business decision-making. The final sample consisted of 60 respondents.

Primary data were collected through structured questionnaires distributed online using Google Forms and directly to florist SME owners or managers. Secondary data were obtained from books, scientific journals, previous studies, government publications, and relevant reports. The questionnaire used a five-point Likert scale ranging from 1 for strongly disagree to 5 for strongly agree.

The measurement indicators were adapted from previous studies and adjusted to the florist SME context. Digital capability was measured based on digital-related

capabilities developed by Nasiri et al. (2020) and applied by Wang et al. (2024). Knowledge management was measured through knowledge sharing, knowledge openness, knowledge utilization, and knowledge application, referring to Alavi & Leidner (2001) and Wang et al. (2024). Ambidextrous innovation was measured through explorative and exploitative innovation indicators based on March (1991) and Wang et al. (2024).

Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4. PLS-SEM was used because it is suitable for testing relationships among latent variables, direct and indirect effects, and predictive models with relatively small samples (Ghozali, 2018; Hair et al., 2021). The analysis consisted of measurement model evaluation and structural model evaluation. The measurement model was assessed using outer loading, Average Variance Extracted, composite reliability, Cronbach's alpha, cross-loading, Fornell-Larcker criterion, and Heterotrait-Monotrait ratio. The structural model was evaluated using coefficient of determination, effect size, predictive relevance, Variance Inflation Factor, and bootstrapping. The mediation test was conducted to examine whether knowledge management mediates the relationship between digital capability and ambidextrous innovation.

RESULT AND DISCUSSION

Findings

The findings are based on data collected from 60 florist SME owners or managers in Banjarmasin. Since this article focuses on the mediation model, the analysis emphasizes three constructs: digital capability, knowledge management, and ambidextrous innovation. Florist SMEs were selected because this sector is closely related to creativity, customer personalization, visual product presentation, and rapid responses to market trends. Therefore, digital platforms are important for promotion, customer communication, product display, and order management.

Based on the length of digital technology use, most respondents had integrated digital technology into their business operations. Table 1 shows that 34 respondents or 56.7% had used digital technology for 1–3 years, while 17 respondents or 28.3% had used it for 4–5 years. This means that most florist SMEs had used digital technology for at least one year, indicating that digital tools had become part of daily business activities, especially in marketing, communication, and customer service.

Table 1. Length of Digital Technology Use in Business Operations

Length of Digital Technology Use	Frequency	Percentage
Less than 1 year	3	5.0%
1–3 years	34	56.7%
4–5 years	17	28.3%
6–8 years	4	6.7%
More than 8 years	2	3.3%

Total	60	100%
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Source: Primary data processed, 2026.

The use of digital platforms indicates that florist SMEs in Banjarmasin rely mainly on social media and digital communication channels. As shown in Table 2, all respondents used WhatsApp Business and Instagram, making these platforms the dominant tools for customer communication, promotion, product display, and order management. Marketplaces were used by 29 respondents or 48.3%, while TikTok, Facebook, and business websites were used by a smaller proportion of respondents. These results suggest that florist SMEs prioritize platforms that are practical, visual, and directly connected to customers. Instagram supports visual product presentation, while WhatsApp Business supports direct communication and order confirmation.

Table 2. Digital Platforms Used in Business Operations

Digital Platform	Frequency	Percentage
WhatsApp Business	60	100%
Instagram	60	100%
Facebook	3	5.0%
TikTok	10	16.7%
Marketplace	29	48.3%
Business Website	3	5.0%

Source: Primary data processed, 2026. Respondents could choose more than one answer.

The descriptive analysis shows that digital capability had the highest mean score of 3.63 and was categorized as high. This indicates that florist SMEs in Banjarmasin already have a relatively good ability to use digital technology in business activities. Digital tools have become accepted and useful in supporting promotion, customer communication, product display, and daily operations.

Meanwhile, knowledge management had a mean score of 2.74 and ambidextrous innovation had a mean score of 2.77, both categorized as moderate. These results suggest that although florist SMEs are already familiar with digital technology, their ability to manage knowledge and develop continuous innovation still needs improvement. In other words, the information obtained from digital activities has not yet been fully transformed into structured knowledge and consistent innovation practices.

Table 3. Descriptive Statistics of Research Variables

Variable	Mean	Category
Digital Capability	3.63	High
Knowledge Management	2.74	Moderate
Ambidextrous Innovation	2.77	Moderate

Source: Primary data processed, 2026.

The measurement model evaluation was conducted to assess the validity and reliability of the constructs. Convergent validity was evaluated through outer loading

and Average Variance Extracted (AVE), while construct reliability was assessed using Composite Reliability and Cronbach's Alpha. The results show that all constructs met the required measurement criteria. Digital capability had a Composite Reliability value of 0.941 and Cronbach's Alpha of 0.928. Knowledge management had a Composite Reliability value of 0.919 and Cronbach's Alpha of 0.899. Ambidextrous innovation had a Composite Reliability value of 0.952 and Cronbach's Alpha of 0.945. Since all reliability values exceeded the recommended threshold of 0.70, the constructs were considered reliable and had strong internal consistency (Hair et al., 2021).

Discriminant validity was assessed using the Fornell-Larcker criterion and the Heterotrait-Monotrait ratio. The Fornell-Larcker results show that the square root of AVE for each construct was higher than its correlations with other constructs. Ambidextrous innovation had a square root of AVE of 0.789, digital capability had 0.817, and knowledge management had 0.767. The HTMT results also showed that all values were below the recommended threshold of 0.90, indicating that the constructs had adequate discriminant validity (Hair et al., 2021). Therefore, the measurement model was considered valid for further structural model testing.

Table 4. Construct Reliability and Discriminant Validity

Variable	Composite Reliability	Cronbach's Alpha	√AVE
Digital Capability	0.941	0.928	0.817
Knowledge Management	0.919	0.899	0.767
Ambidextrous Innovation	0.952	0.945	0.789

Source: SmartPLS output, 2026.

The structural model evaluation was conducted using the coefficient of determination, effect size, predictive relevance, and collinearity assessment. As shown in Table 5, knowledge management had an R^2 value of 0.593, while ambidextrous innovation had an R^2 value of 0.653. These results indicate that the model had adequate explanatory power in explaining both knowledge management and ambidextrous innovation. The effect size results show that digital capability had a large effect on knowledge management, knowledge management had a large effect on ambidextrous innovation, and digital capability had a moderate effect on ambidextrous innovation. These findings indicate that digital capability is an important antecedent of knowledge management, while knowledge management plays a substantial role in explaining ambidextrous innovation.

The predictive relevance results further support the quality of the model. The Q^2 Predict values for knowledge management and ambidextrous innovation were greater than zero, indicating that the model had predictive relevance. In addition, all VIF values were below the threshold of 5.00, showing that there was no multicollinearity problem in the structural model. Thus, the structural model was considered appropriate for hypothesis testing.

Table 5. Structural Model Evaluation

Assessment	Variable/Relationship	Value	Interpretation
R ²	Knowledge Management	0.593	Moderate
R ²	Ambidextrous Innovation	0.653	Moderate
f ²	Digital Capability → Knowledge	1.085	Large
f ²	Management	0.236	Moderate
f ²	Digital Capability → Ambidextrous		
	Innovation	0.378	Large
	Knowledge Management →		
	Ambidextrous Innovation		
Q ² Predict	Knowledge Management	0.515	Predictive relevance
Q ² Predict	Ambidextrous Innovation	0.496	Predictive relevance

Source: SmartPLS output, 2026.

Hypothesis testing was conducted using the bootstrapping procedure in SmartPLS. As shown in Table 6, all direct effects were positive and significant. Digital capability had a positive and significant effect on ambidextrous innovation, indicating that florist SMEs with stronger digital capability tend to have higher innovation capability. Digital capability also had a positive and significant effect on knowledge management, with the strongest coefficient among the direct relationships. This result shows that the ability to use digital technology supports the process of obtaining, sharing, and utilizing knowledge from digital interactions, customer feedback, and market information. Furthermore, knowledge management had a positive and significant effect on ambidextrous innovation, indicating that SMEs with better knowledge management are more capable of improving existing products and services while also developing new ideas and market approaches. Since all t-statistics were greater than 1.96 and all p-values were below 0.05, the three direct-effect hypotheses were supported.

Table 6. Direct Effect Testing

Hypothesis	Relationship	Path Coefficient	T- Statistic	P- Value	Decision
H1	Digital Capability →	0.389	4.279	0.000	Supported
	Ambidextrous				
H2	Innovation	0.667	10.374	0.000	Supported
	Digital Capability →				
	Knowledge				
	Management				
H3	Knowledge	0.492	5.177	0.000	Supported
	Management →				
	Ambidextrous				
	Innovation				

Source: SmartPLS output, 2026.

The mediation test shows that knowledge management mediated the relationship between digital capability and ambidextrous innovation. The indirect effect of digital capability on ambidextrous innovation through knowledge management had a path coefficient of 0.328, t-statistic of 4.580, and p-value of 0.000. This result supports the fourth hypothesis. The finding indicates that digital capability does not only influence ambidextrous innovation directly, but also indirectly by improving knowledge management. In practical terms, florist SMEs can generate stronger innovation outcomes when digital information obtained from business activities is managed, shared, and applied as business knowledge.

Table 7. Indirect Effect Testing

Hypothesis	Relationship	Path Coefficient	T-Statistic	P-Value	Decision
H4	Digital Capability → Knowledge Management → Ambidextrous Innovation	0.328	4.580	0.000	Supported

Source: SmartPLS output, 2026.

Overall, the findings show that digital capability, knowledge management, and ambidextrous innovation are closely related in florist SMEs. Digital capability was found to be high, while knowledge management and ambidextrous innovation were at a moderate level. This means that florist SMEs in Banjarmasin have relatively good digital readiness, but the transformation of digital information into structured knowledge and continuous innovation still needs to be strengthened. The structural model results show that digital capability significantly improves knowledge management and ambidextrous innovation, while knowledge management significantly improves ambidextrous innovation. The mediation result further confirms that knowledge management acts as an important pathway through which digital capability enhances ambidextrous innovation. Therefore, the findings support the main argument of this study that ambidextrous innovation in florist SMEs can be enhanced through the combination of digital capability and knowledge management.

Analysis/Discussion

The findings of this study indicate that digital capability plays an important role in enhancing ambidextrous innovation among florist SMEs in Banjarmasin. The direct effect of digital capability on ambidextrous innovation was positive and significant, with a path coefficient of 0.389, t-statistic of 4.279, and p-value of 0.000. This result shows that florist SMEs with stronger digital capability tend to have higher ability to develop both exploratory and exploitative innovation. In the context of florist SMEs, digital capability enables business owners to utilize social media, digital marketplaces, messaging applications, and other digital platforms to support promotion, customer communication, order management, and product display. These digital activities

provide business owners with broader access to market information, customer preferences, and emerging design trends, which can be used to improve existing products and create new product variations. The empirical result is consistent with the view that digital capability is not only a technical ability but also a strategic capability that allows organizations to respond to environmental changes and create new value (Vial, 2019; Warner & Wäger, 2019).

This finding can also be explained through Dynamic Capability Theory. According to Teece et al. (1997), organizations need the ability to integrate, build, and reconfigure resources in order to respond to changing environments. Digital capability reflects one form of dynamic capability because it allows SMEs to sense market changes, seize opportunities from digital platforms, and transform business processes in response to customer needs (Teece, 2007). For florist SMEs, the ability to use Instagram, WhatsApp Business, marketplaces, and other digital tools helps them identify what types of flower arrangements, bouquet designs, and service models are demanded by customers. This capability supports exploitative innovation by improving existing products and services, while also supporting exploratory innovation by encouraging experimentation with new designs, new digital content, and new market approaches. Therefore, the positive relationship between digital capability and ambidextrous innovation confirms that digital readiness is an important foundation for innovation in small creative businesses.

The findings also show that digital capability has a strong positive effect on knowledge management, with a path coefficient of 0.667, t-statistic of 10.374, and p-value of 0.000. This is the strongest direct relationship in the model, indicating that digital capability is highly relevant in strengthening knowledge management practices among florist SMEs. Digital technology helps business owners collect, store, share, and use business information more effectively. Through digital platforms, florist SMEs can obtain customer feedback, monitor competitors, observe design trends, record customer orders, and communicate with suppliers. However, these digital resources become valuable only when they are transformed into knowledge that can support decision-making and business improvement. This result supports the argument of Alavi & Leidner (2001), who explain that knowledge management consists of systematic processes of creating, storing, transferring, and applying knowledge within an organization.

The strong influence of digital capability on knowledge management suggests that digital tools function as enablers of knowledge processes. In small businesses, knowledge is often informal and embedded in the experience of the owner or employees. Digital platforms help make this knowledge more accessible and usable. For example, customer conversations through WhatsApp Business may provide insights into preferred bouquet colors, delivery expectations, price sensitivity, and service quality. Instagram engagement may reveal which product designs attract more attention. Marketplace interactions may provide information about pricing, packaging,

and customer reviews. When such information is organized and discussed within the business, it becomes knowledge that can guide future product development and service improvement. This finding is in line with Wang et al. (2024), who found that digital capability supports knowledge management by enabling organizations to process and utilize digital information more effectively.

Furthermore, knowledge management has a positive and significant effect on ambidextrous innovation, with a path coefficient of 0.492, t-statistic of 5.177, and p-value of 0.000. This finding indicates that florist SMEs that are better at managing knowledge are more capable of developing innovation. Knowledge management allows business owners to use previous experience, customer input, market information, and operational learning to improve existing products and explore new opportunities. This result is consistent with March's (1991) concept of exploration and exploitation. Exploitation requires organizations to refine and improve existing competencies, while exploration requires them to search for new possibilities. Knowledge management supports both processes because it helps SMEs learn from existing practices while also encouraging openness to new information and ideas.

In the florist SME context, knowledge management contributes to exploitative innovation when business owners use accumulated experience to improve product quality, speed up order processing, enhance packaging, and maintain customer satisfaction. At the same time, knowledge management supports exploratory innovation when business owners use new information from customers, social media trends, or competitors to create new bouquet designs, new service packages, or new promotional strategies. Thus, knowledge management becomes a learning mechanism that connects daily business experience with innovation outcomes. This finding supports previous research showing that knowledge management is an important driver of innovation because it enables organizations to convert information into strategic knowledge (Alavi & Leidner, 2001; Wang et al., 2024).

The mediation test provides the most important contribution of this study. The indirect effect of digital capability on ambidextrous innovation through knowledge management was positive and significant, with a path coefficient of 0.328, t-statistic of 4.580, and p-value of 0.000. This result indicates that knowledge management mediates the relationship between digital capability and ambidextrous innovation. In other words, digital capability does not only influence innovation directly, but also indirectly by improving knowledge management. This finding confirms that the benefits of digital capability depend on how effectively SMEs manage the information generated from digital activities. The direct and indirect effects were both significant, indicating that knowledge management functions as a complementary mechanism that strengthens the contribution of digital capability to innovation. The thesis data also show that all three direct effects and the indirect effect were significant, supporting the mediation model used in this article.

This mediation finding enriches the application of Dynamic Capability Theory in the SME context. Digital capability can be viewed as a resource reconfiguration capability, while knowledge management acts as an internal process that transforms digital resources into innovation outcomes. The result shows that having access to digital technology is not sufficient if the information obtained from digital platforms is not processed into useful knowledge. Florist SMEs may use Instagram or WhatsApp Business actively, but innovation will be stronger when customer feedback, design trends, transaction records, and operational experience are systematically shared, evaluated, and applied. Therefore, knowledge management becomes the pathway that explains how digital capability is converted into ambidextrous innovation.

The findings also have practical meaning for florist SME owners. The descriptive results showed that digital capability was in the high category, while knowledge management and ambidextrous innovation were in the moderate category. This pattern suggests that florist SMEs in Banjarmasin already have relatively good digital readiness, but they still need to strengthen how they manage and use knowledge for innovation. Many SMEs may already use digital platforms for promotion and communication, but not all of them systematically document customer preferences, evaluate successful product designs, share operational knowledge, or use digital information for strategic decisions. Therefore, improving knowledge management practices can help florist SMEs gain more value from their digital capability.

Overall, the findings support the main argument that ambidextrous innovation in florist SMEs can be enhanced through the integration of digital capability and knowledge management. Digital capability provides access to digital resources and market information, while knowledge management transforms these resources into knowledge that supports both exploratory and exploitative innovation. This study contributes to the literature by demonstrating the mediating role of knowledge management in the relationship between digital capability and ambidextrous innovation in a small creative business context. While previous studies have often examined similar relationships in larger firms or technology-based SMEs, this study shows that the same theoretical logic is also relevant for florist SMEs, which operate with limited resources but face strong demands for creativity, responsiveness, and continuous innovation.

CONCLUSION

This study concludes that digital capability plays an important role in enhancing ambidextrous innovation among florist SMEs in Banjarmasin. The results show that digital capability has a positive and significant effect on ambidextrous innovation. This means that florist SMEs with stronger ability to use digital technology are more capable of improving existing products and services while also exploring new ideas, designs, and market opportunities. Digital platforms such as Instagram, WhatsApp Business,

marketplaces, and other online channels help business owners access customer information, display product portfolios, communicate with consumers, and respond to market trends more effectively.

The study also concludes that digital capability has a positive and significant effect on knowledge management. This finding indicates that the use of digital technology does not only support promotion and communication, but also helps florist SMEs collect, share, and utilize business knowledge. Furthermore, knowledge management has a positive and significant effect on ambidextrous innovation. This shows that the ability to manage knowledge is essential for improving existing business practices and developing new innovation opportunities. The mediation test confirms that knowledge management mediates the relationship between digital capability and ambidextrous innovation. Therefore, digital capability can enhance innovation more effectively when the information obtained through digital activities is managed and applied as business knowledge.

Theoretically, this study contributes to the development of Dynamic Capability Theory by showing that digital capability can function as an important capability for SMEs to adapt to environmental changes and strengthen innovation. Knowledge management acts as a mechanism that transforms digital resources into innovation outcomes. Practically, florist SME owners should not only focus on using digital platforms for promotion, but also develop systematic knowledge management practices. Business owners need to document customer preferences, evaluate digital interactions, share business experience, and apply market knowledge to improve products and services. By strengthening both digital capability and knowledge management, florist SMEs can enhance ambidextrous innovation and maintain competitiveness in a dynamic business environment.

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