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The Role of Knowledge Sharing and Behavior in Improving Individual Innovation Capability in Umkm in Gombang Village Indonesia

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Abstract: This study examines the role of knowledge sharing and behavior in improving individual innovation capability in MSMEs in Gombang Village, Cirebon Regency. Data were obtained from 162 MSMEs using quantitative methods using SEM-PLS. This study revealed that there is a positive and substantial relationship between information sharing and behavior with individual creative potential ($R^2 = 0.840$). The results showed that these two factors contributed 84% of the variance in community innovativeness. This study recommends increased collaboration and training support to encourage innovation in the MSME sector.

Keyword: Knowledge Sharing, Behavior, Individual Innovation Capability.

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are drivers of people-based economic growth and play an important role in improving the lives of the nation (Arsawan et al., 2020; Hanifah et al., 2020). Currently, the development of small and medium enterprises in Gombang Village is increasing. MSMEs have great strategic importance because of their potential to drive economic activities and become an important source of income to improve public interests. Data from the Central Statistics Agency (BPS) in 2024 shows that 1.44% of the population of Cirebon City is involved in small and medium-scale businesses (Authority, 2023).

At the global level, MSMEs have profound economic and social importance, accounting for almost 90% of all firms, 70% of employment, and 50-60% of value added in OECD member countries (Horvat et al., 2016; Sartori et al., 2020) (Authority, 2023). In Gombang Village, MSMEs have unique characteristics, especially in terms of business management and collaboration between business actors. Interview results showed that there was no formal organization or group that accommodated MSMEs in the village. This situation caused knowledge sharing activities between MSME actors to occur informally, only between businesses that already knew each other. Most actors still run their businesses independently without any structured cooperation, thus inhibiting collaboration that could increase efficiency and innovation.

Gombang Village is known as a village that has a variety of types of businesses run by its residents. Currently, there are 271 MSMEs engaged in various sectors, such as general trade, rattan crafts, sewing services, workshops, and regional food products. MSMEs in this village have received support from the government through Direct Cash Assistance (BLT) grants to develop their businesses. However, despite receiving assistance, many MSME actors still face challenges in increasing the competitiveness and innovation of their products.

One of the main problems faced by MSMEs in Gombang Village is the low level of innovation in product development. Many of the products produced are not widely known, even in the village itself. Typical food products produced by MSMEs also lack differentiation compared to similar products in other areas, making them less attractive to a wider market. Limitations in marketing, lack of use of technology, and less strategic business locations further complicate this challenge. In addition, the behavior of MSME actors in Gombang Village is also a factor that hinders innovation. Many business actors feel quickly satisfied with the current condition of their business and are less motivated to carry out further development. The low enthusiasm for sharing knowledge between business actors results in minimal transfer of experience and innovation that can help MSMEs develop. In fact, if knowledge sharing is increased and collaborative behavior is strengthened, the individual innovation capabilities of MSME actors in this village can develop better.

Objective of this study is to examine the relationship between knowledge sharing and innovation capability among micro, small, and medium enterprises (MSMEs) in Gombang Village. It will also look at how MSME behavior, especially their desire for instant gratification, impacts innovation capability. Finally, it examines how MSME behavior and knowledge sharing can work together to encourage innovation among MSMEs in developing their businesses. Business actors, government officials, and MSME stakeholders can utilize the research findings to understand how to encourage innovation in this sector.

Literature Review

Knowledge Sharing

The definition of knowledge sharing given by (Van den Hooff & de Ridder, 2004) is the act of individuals exchanging existing information, either tacitly or explicitly, to produce new information. (Triana, A., Utami, H.N., & Ruhana, 2016). The two main components of any knowledge exchange process are giving and receiving information, which is what we mean when we talk about knowledge sharing. When people in an organization are willing to share what they know with each other, it is called knowledge sharing (Chalifa & Nugrohoseno, 2014).

Knowledge Sharing refers to shared values and behavioral routines related to the exchange of ideas, perceptions, and skills within an organization or institution (Yao et al., 2020). This knowledge sharing process can be understood as the exchange of information, advice, and experiences aimed at supporting each other and working together in completing daily tasks, solving problems, and developing new ideas (Ahmad et al., 2017). Knowledge Sharing is closely related to the impact and improvement of employee work behavior in an organization through knowledge sharing activities (Raza and Awang, 2020). Without knowledge sharing practices, a company cannot maximize the investment it has made in developing skills and knowledge (Nguyen, 2021). This phenomenon has also attracted the attention of many professionals and academics because it is a solution to the various serious challenges faced by organizations in a world that relies heavily on expertise (Maheshwari et al., 2021; Nguyen and Malik, 2020). In addition, knowledge sharing creates a culture of reciprocal interaction that includes the exchange of information between different expertise, departments, and even between organizations (Bhatti et al., 2021)(Fattah et al., 2022).

H1: Knowledge Sharing has a positive and significant effect on Individual Innovation Capability in MSMEs.

Behavior

Behavior encompasses all aspects of a person's existence that include interactions with their environment, whether these aspects are clearly visible or not (Okviana 2015). This shows that people's knowledge, attitudes, and behavior are products of their diverse experiences and interactions with the world around them. A more precise way to define behavior is as an individual's response to internal or external stimuli. According to Notoatmojo (2010), behavior is a reaction that arises from external stimuli. Wawan (2011) explains that behavior is an observable activity that is characterized by frequency, duration, and certain intentions, which occur both consciously and unconsciously. (Imelda J. & Luluk EN et al., 2021).

Furthermore, Skinner (1938) formulated that behavior is an individual's response to a stimulus. In the view of psychology, human behavior can be studied more deeply as a series of very broad actions or activities, such as walking, talking, crying, and working. This confirms that human behavior is not only seen from physical actions, but also includes more subtle aspects. Human behavior plays an important role in various aspects of life, including the health of individuals, groups, and communities. It can be said that behavior is the second most important factor influencing health after environmental factors. Behavior is the result of human experience and interaction with the environment. With its diverse manifestations, human behavior can be viewed from a comprehensive physiological and socio-psychological perspective. This perspective shows the complexity of human behavior, so it is often difficult to distinguish between environmental influences and the role of individuals in shaping the behavior. (Riyadi & Widiastuti, 2020).

H2: Behavior has a positive and significant influence on Individual Innovation Capability in MSMEs.

Individual Innovation Capability

The term "innovation" refers to the process of translating new concepts into practical goods and services. The success of a company can be driven by employees who can incorporate their ideas and knowledge into new techniques or products. The capacity of people to produce goods and services that are new and useful to the business is known as their innovation capability (Aulawi, Govindaraju, Suryadi, & Sudirman, 2009) (Hilmi Aulawi et al., 2009). (Lawson & Samson, 2001) Innovation capability is the capacity to transform information and concepts into innovative goods, processes, and systems that benefit the company and its stakeholders. Meanwhile, (Aristanto, 2017) adding that innovation capability includes the capacity to adapt, integrate, and reconfigure all skills, functional competencies, and resources. Therefore, individual innovation talent refers to the capacity of people to produce creative outcomes, manifested as new, more effective and efficient goods, processes, or procedures, which benefit the company and its stakeholders. (Kartono, 2020).

According to De Sousa, Pellisier, and Monteiro (2012, p. 29), Allen and M, the ability to innovate is "an emotional and cognitive process associated with creativity." Iqbal (2011, p. 2) defines individual creativity or innovation as "a new, useful idea, process, or product introduced by an employee." Generally, innovations made by individuals must meet well-defined needs and must have clear utility. In a similar view, Lewis and Wright (2012) emphasize that innovation is a process that involves a shift from divergent ideas to unified solutions. (Ben Moussa & El Arbi, 2020).

H3: Knowledge Sharing and Behavior have a positive and significant influence on Individual Innovation Capability in MSMEs.

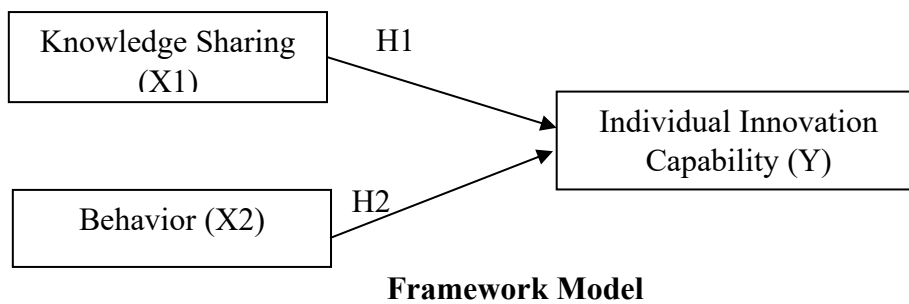


Figure 1.
Conceptual

METHOD

This study is classified as quantitative research using quantitative analysis techniques. This study seeks to explain the correlation between information sharing and behavior that enhances individual innovation capabilities in micro, small, and medium enterprises (MSMEs). With a stratified random sampling approach based on four business categories - Traders, Rattan Craftsmen, Workshops, and Tailors - a total of 162 research units were collected from 271 MSMEs that were the population in this study. Questionnaires measuring Knowledge (X1), Behavior (X2), and Individual Innovation Capability (Y) on a Likert scale were distributed to collect data. Structural Equation Modeling-Partial Least Squares (SEM-PLS) implemented in SmartPLS software was used to evaluate the collected data.

Using SmartPLS version 4.0, the Structural Equation Modeling Partial Least Square (SEM-PLS) program was used to assess construct validity and reliability. By evaluating the structural model and measurement model, this study analyzed SEM-PLS data. To show the relationship between dimensions and indicators, measurement model testing was carried out to assess reliability, discriminant validity, and convergent validity. Furthermore, the purpose of testing the structural model was to confirm that the dimensions of the resilience instrument were useful by evaluating them using R-Squared and conducting a significance test (Hair et al., 2022). The decision-making criteria for SEM-PLS reliability and validity testing as described by Jennah and Andy (2023), Ariska et al. (2022), and Hair et al. (2022). are listed in the following table(Siti Shofiyatus Sa'diyah et al., 2024).

Table 1. Operational Variables

No.	Variables	Operational Definition	Dimensions	Indicator
1.	Knowledge Sharing (X1)	Van den Hooff & De Ridder (2004) Knowledge sharing is a process where individuals exchange knowledge and collaborate to create new knowledge. This process involves the capture, storage, and dissemination of knowledge within an organization.	Knowledge Donation	1. Individual willingness to share ideas and experiences. 2. Actively provide relevant information to coworkers. 3. Openness to discussion and collaboration to provide solutions.
			Knowledge Collection	1.Willingness to ask for advice and input from others. 2. Activeness in seeking the required information. 3. Actively participate in forums or discussions to gain new knowledge.
2.	Behavior (X2)	Suryabrata (2006) Behavior includes all human activities	Cognitive	1. Knowledge 2. decision making, and 3. level of consciousness.

		including motor, cognitive and emotional aspects and is influenced by internal and external stimuli.	Affective	1. A positive or negative attitude towards an object or phenomenon.
			Conative	1. Frequency of action, 2. consistency of habits, and 3. direct involvement.
3.	Individual Innovation Capability (Y)	According to Amabile (1996), individual innovation capacity is the ability of an individual to generate new creative ideas and turn them into practical and useful innovations. This ability is greatly influenced by three main factors: subject knowledge, creative thinking ability, and intrinsic motivation.	Expertise (Expertise)	1. Have a deep understanding of the field being worked on. 2. Master the technical skills required for the job. 3. Using knowledge to solve problems with innovative solutions.
			Creative Thinking Skills (Creative Thinking Skills)	1. Generate original and unique ideas. 2. Have flexibility of thinking in dealing with problems. 3. Dare to try new and unconventional approaches.
			Intrinsic Motivation (Intrinsic Motivation)	1. Demonstrate enthusiasm for the job. 2. Taking the initiative to find new solutions. 3. Feel satisfied with the process of creating ideas, regardless of the final result.

RESULTS AND DISCUSSION

Table 2. Respondent Criteria

Criteria	Total	Presentation
Gender		
Man	25	16%
Woman	137	84%
Age		
17-20	21	13%
21-25	89	50%
26-30	17	10%
30-50	35	27%
Last education		
JUNIOR HIGH SCHOOL	8	5%
High School/Vocational School	90	55%
College	64	40%
Type of business		
Trader	115	74%
Seamstress	15	8%
Rattan	20	12%
Workshop	12	6%
Business Age		

<1 year	79	79%
>1 year	83	83%
Total	162	100%

Table 2. The following is a description of the characteristics of respondents obtained from this study, which include Gender, Age, Last Education, Type of Business, and Age of Business. Most respondents are female, with a percentage reaching 84%, while men are 16%. In terms of age, the majority of respondents are in the range of 21 - 25 years, which covers 50% of the total respondents. Followed by the age group of 30 - 50 years by 27%, 17 - 20 years by 13%, and 26 - 30 years by 10%. Regarding the last education, the majority of respondents are high school / vocational school graduates, reaching 55%, followed by college graduates by 40%, and junior high school graduates by 5%. In the category of business type, the most respondents come from traders, as much as 74%, followed by rattan entrepreneurs 12%, tailors 8%, and workshop owners 6%. Regarding the age of the business, most respondents stated that their business was more than 1 year old with a percentage of 83%, while those who had a business less than 1 year were 79%. Overall, the number of respondents who participated in this study reached 162 people.

Table 3. Outer Loading

Indicator	Individual Innovation Capability	Knowledge Sharing	Behavior	Conclusion
X1.1		0.829		Valid
X1.2		0.782		Valid
X1.3		0.753		Valid
X1.4		0.829		Valid
X1.5		0.820		Valid
X1.6		0.776		Valid
X2.1			0.706	Valid
X2.2			0.727	Valid
X2.3			0.777	Valid
X2.4			0.788	Valid
X2.5			0.796	Valid
X2.6			0.787	Valid
X2.7			0.720	Valid
Y1.1	0.796			Valid
Y1.2	0.756			Valid
Y1.3	0.776			Valid
Y1.4	0.713			Valid
Y1.5	0.788			Valid
Y1.6	0.798			Valid
Y1.7	0.713			Valid
Y1.8	0.792			Valid
Y1.9	0.738			Valid

Table 4. Reliability Test

Variables	Cronbach's Alpha	Composite Reliability	Conclusion
Individual Innovation Capability	0.911	0.926	Reliable

Knowledge Sharing	0.886	0.914	Reliable
Behavior	0.876	0.904	Reliable

The graph shows that the Composite Reliability and Cronbach's Alpha values exceed 0.7, indicating that the research instrument has very good reliability and can be trusted in evaluating the variables studied.

Table 5. Validity Test

Variables	Average Variance Extracted (AVE)	Conclusion
Individual Innovation Capability	0.584	Valid
Knowledge Sharing	0.638	Valid
Behavior	0.575	Valid

The results of the validity test show that all variables have an AVE value above 0.5, indicating that the indicators used have been able to measure the construct well.

Table 6. Multicollinearity Test - Collinearity Statistics (VIF)

	Individual Innovation Capability	Knowledge Sharing	Behavior
Individual Innovation Capability			
Knowledge Sharing	3,599		
Behavior	3,599		

Based on the results of the collinearity statistics (VIF) analysis, the VIF values for the Knowledge Sharing and Behavior variables are each 3,599. These values remain below the crucial multicollinearity threshold of 10, indicating the absence of multicollinearity in this study.

Table 7. R-square value

	R Square	R Square Adjusted
Individual Innovation Capability	0.840	0.838

The R² value of 0.840 indicates that this research model has strong predictive ability, with 84% of the variance in Individual Innovation Ability explained by the Knowledge Sharing and Behavior factors. The remaining 16% is influenced by elements not included in this research paradigm.

Table 8. Path Coefficient

Hypothesis	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Knowledge Sharing -> Individual Innovation Capability	0.199	0.196	0.066	2,996	0.003
Behavior -> Individual Innovation Capability	0.741	0.739	0.067	11,049	0,000

The results of the hypothesis test show that:

- Knowledge sharing has a positive and significant effect on individual innovation capability with a p-value of 0.003 (<0.05).
- Behavior has a positive and significant influence on individual innovation capability with a p-value of 0.000 (<0.05).

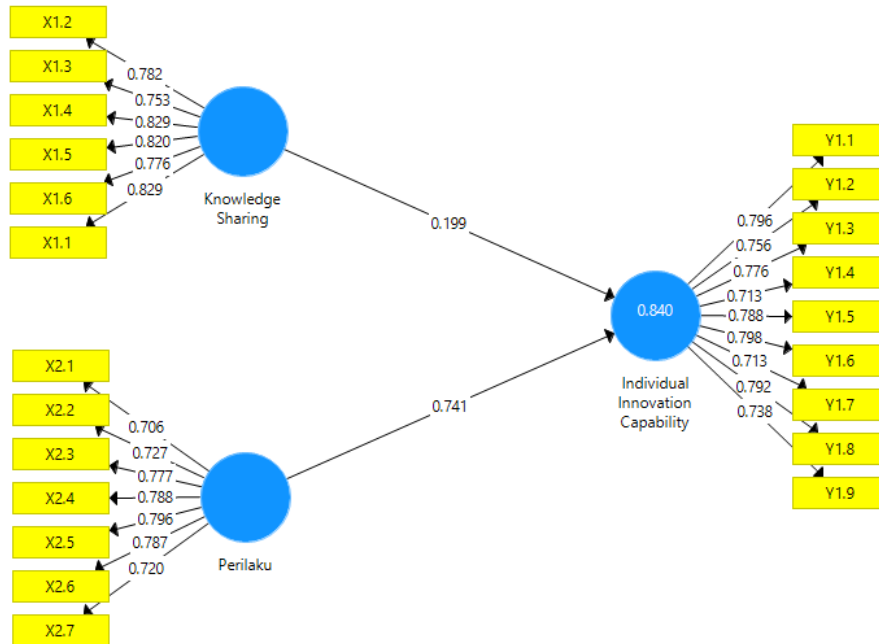


Figure 2. PLS Algorithm Results

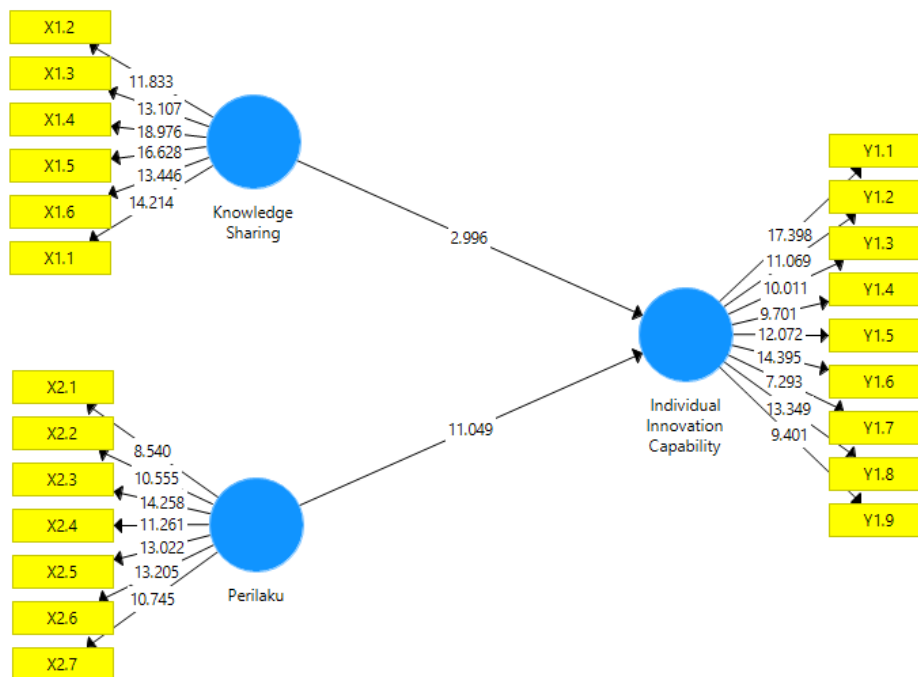


Figure 3. Bootstrapping

CONCLUSION

This study highlights the important role of knowledge sharing and behavior in improving individual innovation capabilities among MSMEs in Gombang Village, Cirebon Regency. The results of the study indicate that active knowledge sharing and collaborative behavior contribute significantly to increasing innovation. Although currently knowledge sharing activities are still taking place informally, strengthening a more structured information exchange mechanism can improve the competitiveness of small and medium enterprises in the village. In addition, active involvement in discussions and training is also an important factor in strengthening individual innovation capabilities in a small business environment.

However, there are still several challenges faced by MSMEs in Gombang Village, such as limited capital, lack of access to ongoing training, and marketing constraints. To overcome these obstacles, a strategic approach is needed that involves various stakeholders, including the government and educational institutions, to provide better support in terms of skills development and innovation opportunities. With more optimal support, MSMEs in this village have the potential to develop better and increase their contribution to the local economy.

In addition, because this study aims to gain a deeper understanding of the relationship between knowledge sharing, individual behavior, and individual innovation capabilities in the UMKM environment. It is expected that researchers will be able to develop their analytical skills and expand their theoretical and practical knowledge related to human resource management and innovation. The results of this study can be a reference for further research with a wider scope and additional factors.

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