

How To Improve Business Performance Of Msmes In The Covid-19 Pandemic Through Knowledge Sharing

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Abstract.

Micro, Small and Medium Enterprises (MSMEs) are economic drivers in both developed and developing countries, including Indonesia. In an effort to improve the performance of MSMEs, it is necessary to pay attention to the application of knowledge sharing within these MSMEs. The purpose of this study was to analyze the relationship between the application of the knowledge sharing model and the improvement in the performance of MSMEs especially during the Covid-19 Pandemic. The research subjects taken in this study were MSME actors in the food and beverage sector at Pematangsiantar City, totaling 374 MSMEs. The analysis technique used in this study was Structural Equation Modeling (SEM) using the Smart PLS program. The results of this study indicated that the performance of MSMEs increases when the application of knowledge sharing went well, this could be seen from the test results which showed that tacit knowledge sharing had a positive and significant effect on marketing performance and explicit knowledge sharing has a positive and significant effect on financial performance. However, it was different from the effect of explicit knowledge sharing on marketing performance which showed a negative and significant influence.

Keywords: Knowledge Sharing, Business Performance, and MSMEs.

I. INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) are economic drivers in both developed and developing countries, including Indonesia. This condition is shown from the absorption of labor and the contribution of the Gross Domestic Product (GDP). Based on MSME development data obtained from [1], it shows that the number of MSME employment and the GDP contribution of MSME has increased from 2018-2019. In an effort to improve the performance of MSMEs in the food and beverage sector, it is necessary to pay attention to the application of knowledge sharing within these MSMEs. Knowledge sharing is one of the core elements for achieving business success which has been recognized by 4 managers from several different companies [2]. It should be noted that the application of knowledge sharing in organizations can be viewed from two aspects, namely tacit knowledge sharing and explicit knowledge sharing [3]. The more often knowledge sharing is implemented in MSMEs, the more positive it will have an impact on improving business performance [4], [5].

This is because the application of knowledge sharing can ensure that employees remain healthy and engaged [6], so as to improve employee performance which in turn can have an impact on improving company performance. Lin argued that the application of knowledge sharing also determines the management of knowledge resources within the organization, where knowledge resources can be managed effectively only if employees are willing to share knowledge with their colleagues [7]. The main problem in this study is that the majority of employees are reluctant to share knowledge with their colleagues, especially new employees. Another problem is the unavailability of a qualified information system to support the implementation of a knowledge sharing system at work. Especially during the Covid-19 Pandemic, where employees had to keep their distance while working, which made it difficult to carry out knowledge sharing activities between employees if it was not supported by a good information system. Based on the phenomenon of the problems described above, this study aims to analyze the relationship between the application of the knowledge sharing model to improving the performance of MSMEs in Pematangsiantar City, especially during the Covid-19 Pandemic.

II. METHODS

This research was conducted with a causal quantitative approach to analysis the relationship between knowledge sharing model to improving the performance of SMEs. The sampling method used in this study was a purposive sampling method, where this technique was chosen because the researchers only focused on research on 374 MSMEs in the food and beverage sector, spread across eight districts of Pematang Siantar City [8]. In testing the hypothesis, we used a variant-based Structural Equation Modeling (SEM) called Partial Least Square (PLS) and the SmartPLS application version 3.0 as a tool to analyze it.

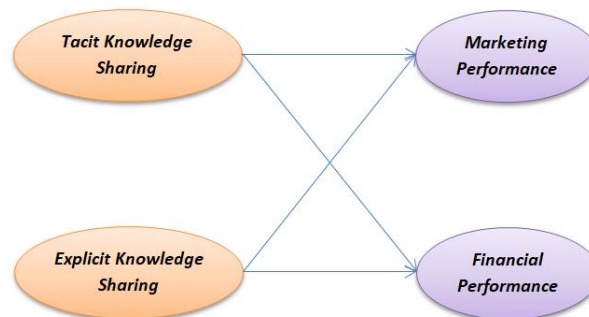


Fig 1. Conceptual Framework

III. RESULT AND DISCUSSION

The questionnaire was distributed offline by surveyor, which resulted in 374 responses. The characteristic of respondents can be seen in the table 1 below:

Table 1. Demographic Characteristics of Respondents

Category	Item	Frequency	Percentage (%)
Sex	Male	135	36.10
	Female	239	63.90
Age (Years)	17-30	114	30.48
	31-40	105	28.07
	41-50	86	22.99
	51-60	44	11.76
	>60	25	6.68
Education Stage	Primary School	43	11.50
	Junior High School	39	10.43
	Senior High School	232	62.03
	Diploma	20	5.35
	Bachelor	37	9.89
	Master	2	0.53
	Doctorate	0	0.00
	Not Going to School	1	0.27
Long Time In Business (Years)	<1	16	4.28
	1-5	127	33.96
	6-10	97	25.94
	11-15	54	14.44
	16-20	36	9.63
>20	44	11.76	
Districts	Siantar Utara	125	33.42
	Siantar Barat	68	18.18
	Siantar Selatan	7	1.87
	Siantar Timur	66	17.65
	Siantar Marihat	19	5.08
	Siantar Marimbun	29	7.75
	Siantar Martoba	35	9.36
	Siantar Sitalasari	25	6.68
Net Worth	≤ Rp 50.000.000	234	62.57
	Rp 50.000.000 - Rp 500.000.000	111	29.68
	Rp 50.000.000 - Rp 10.000.000.000	29	7.75
Annual Sales	≤ Rp 300.000.000	245	65.51
	Rp 300.000.000 - Rp 2.500.000.000	106	28.34
	Rp 2.500.000.000 - Rp 500.000.000.000	23	6.15

The validity test was proven based on the results of convergent and discriminant validity. For convergent validity, the value of each indicator variable for tacit knowledge sharing, explicit knowledge sharing, marketing performance, and financial performance was above 0.7 for loading factor and above 0.5 for Average Variance Extracted (AVE). These results indicated that most of the variance was explained by constructs. Thus, convergent validity for the measurement scale items was achieved. Then, for discriminant validity, the cross-loading value of each variable was above 0.7 which indicates acceptable discriminant validity. Furthermore, the value of composite reliability and the value of Cronbach's alpha obtained for each variable was above 0.70. This showed a satisfactory level of internal consistency and high reliability for assessing each construct.

Table 2. Validity, Reliability, and R-Square Test

Variable	Item	Loading Factor	Average Variance Extracted (AVE)	Composite Reliability	Cronbach's Alpha
<i>Tacit Knowledge Sharing (TK)</i>	TK1	0.702	0.647	0.845	0.726
	TK2	0.815			
	TK3	0.885			
<i>Explicit Knowledge Sharing (EK)</i>	EK1	0.883	0.751	0.938	0.921
	EK2	0.827			
	EK3	0.921			
	EK4	0.859			
	EK5	0.840			
<i>Marketing Performance (MP)</i>	MP3	0.899	0.796	0.886	0.744
	MP4	0.885			
<i>Financial Performance (FP)</i>	FP1	0.859	0.788	0.918	0.867
	FP2	0.891			
	FP3	0.911			
Discriminant Validity					
	EKS	FP	MP	TKS	
EKS	0.867				
FP	0.226	0.888			
MP	-0.172	0.195	0.892		
TKS	-0.057	0.130	0.578	0.804	
R-Square					
			<i>R-square</i>	<i>R-square Adjusted</i>	
Financial Performance			0.071	0.066	
Marketing Performance			0.354	0.350	

Then, from table 2 above we can see from the R-square value was 0.354 for marketing performance, this showed that overall the ability of exogenous variables in explaining marketing performance was low, and the R-square value was 0.071 for financial performance, this showed that overall the ability of exogenous variables in explaining financial performance was negligible [9]. To prove the hypothesis testing, a significance test was carried out to determine the relationship between the exogenous variables and the endogenous variable. The significance criterion was seen from the p-value. With a significance level of 5%, if the p-value between the exogenous variables and the endogenous variable is less than 0.05, the exogenous variables significantly affect the endogenous variable. In contrast, if the value is higher than 0.05, it means that the exogenous variables do not have a significant effect in building the endogenous variable. The results of the hypothesis test are presented in table 3 below:

Table 3. Hypothesis Result

Path	β	t-Statistics	P-Value	Result
TKS -> MP	0.570	15.715	0.000	Supported
TKS -> FP	0.144	2.486	0.013	Supported
EKS -> MP	-0.140	3.184	0.002	Supported
EKS -> FP	0.234	5.221	0.000	Supported

The results showed that the effect of tacit knowledge sharing on marketing performance and financial performance were both supported and positive. Then, the effect of explicit knowledge sharing on financial performance was supported and positive too, while for marketing performance, it was supported but the effect was negative. The results of this study indicated that the performance of MSMEs would increase when the application of knowledge sharing went well, this could be seen from the test results which showed that tacit knowledge sharing had a positive and significant effect on marketing performance and explicit knowledge sharing had a positive and significant effect on financial performance. This was in line with the results of previous research done by [6], [7], [10]–[12], which showed that knowledge sharing was able to make a positive contribution to improving organizational business performance. However, it was different from the effect of explicit knowledge sharing on marketing performance which showed a negative and significant influence, which strengthened the results of research [13]–[15] that knowledge sharing had no significant effect on business performance.

IV. CONCLUSION

This study confirms that all hypotheses developed in this study regarding the effect of tacit knowledge sharing and explicit knowledge sharing on marketing performance and financial performance, all hypotheses were supported. From a theoretical perspective, this research further enriches the current literature on MSMEs research using Resource-Based View (RBV) theory especially about knowledge sharing and business performance. Meanwhile, in terms of practical implications, the findings of this study are expected to find out the answers to several unresolved problems regarding the impact of knowledge sharing on the performance of UMKM in Pematangsiantar City during the Covid-19 Pandemic.

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