



Analysis Of Knowledge Sharing And Absorptive Capacity Models On Business Performance In Msmes Engaged In Fried Foods In Bekasi City

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Abstract

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The food industry, especially fried foods, plays an important role in Bekasi's economy, which is known as the centre of culinary production. Companies face increasingly complex challenges as the industry grows rapidly, such as changing consumer preferences, fierce competition, and rapid market dynamics. With the increasing complexity of competition in many industries, including the food industry, businesses must constantly look for methods to strengthen their capacity to adapt to innovations and changes in the market. Knowledge Sharing and Absorption Capacity support each other in improving the company's innovation and operational efficiency, which directly impacts business performance. Innovation and operational efficiency were significantly influenced by absorption capacity, i.e. the ability to receive, evaluate, and use external information. This study shows that the absorption capacity is strong and bagged.

Kata Kunci: Knowledge Sharing, Absorptive Capacity, Business Performance

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INTRODUCTION

As a center of culinary production, Bekasi's economy depends heavily on the food industry, mainly fried dishes. As this industry grows quickly, businesses must contend with ever-more complicated issues such shifting consumer tastes, fierce rivalry, and shifting market dynamics. Businesses must use efficient tactics to boost their operations in such a scenario.

Knowledge sharing is one of the main factors that could affect how productive a company is. Innovation and operational effectiveness are enhanced by employee knowledge exchange. Knowledge sharing is a management strategy that allows team, organization, or business members to share their experiences, ideas, and abilities with other members Ngah & Jusoff, (2009). The best measure of an organization's performance is how well its knowledge is shared. good competences and resources are necessary for good performance, particularly the organization's ability to integrate knowledge. When more information and experience are exchanged, a company's performance improves. Knowledge sharing is a crucial component of knowledge management and refers to the exchange of ideas, information, and experience between individuals and groups inside an organization. This process is crucial for modern firms to provide innovation and additional value Wang & Noe, (2010). Knowledge exchange significantly aids MSMEs' capacity to adjust to changes in the market and enhance their performance Chow & Chan, (2008).

Previous study indicates that various factors impact knowledge sharing, such as corporate culture, information technology, and people's ability to communicate knowledge. For instance, people are more inclined to share their knowledge in a collaborative company culture

(Cabrera & Cabrera, (2005). Additionally, using the right technology can simplify information sharing Alavi & Leidner, (2001). Numerous studies have also emphasized the value of knowledge sharing in fostering organizational innovation. According to Dang & Kelly, (2008), information exchange among individuals spurs creativity, which in turn aids in developing new products and services Dang & Kelly, (2008). However, putting knowledge sharing into practice is not without its difficulties. Bock et al., (2005) found that people's reluctance to share their expertise is frequently caused by mistrust, a lack of incentives, or negative attitudes regarding information sharing.

Due to MSMEs' limited resources, knowledge sharing becomes more crucial in this sector. According to research by Ahmad et al., (2021), MSMEs can overcome this limitation by improving their ability to adapt to outside threats through efficient information sharing. Similarly, Watanabe, (2008) discovered that knowledge sharing enhances firm sustainability by promoting staff members to learn together. Numerous prior studies have demonstrated that knowledge sharing is a tool to increase operational efficiency and a strategic element that can assist companies in reaching their long-term objectives. Investigating novel approaches to optimize the factors influencing information transmission is therefore essential, particularly in the MSME sector.

Four components of business absorptive capacity were postulated by Subawa et al., (2022) acquisition, assimilation, transformation, and exploitation. An organisation's ability to recognize, assimilate, and use new, pertinent knowledge was their definition of absorptive capacity. Acquisition is the process of locating pertinent outside sources of information. Assimilation is the regular process of analyzing, digesting, interpreting, and comprehending information. The process of developing knowledge internally, integrating it with previously acquired knowledge, and modifying and adapting external knowledge is known as transformation (S. Syahyono, 2021).

On the other hand, exploitation is creating new systems, products, knowledge processes, or organizational structures by combining learned information with actions that enhance existing competencies or create new ones. This component briefly describes the steps MSMEs involved in fried food trading must take to learn from outside businesses to obtain a lasting competitive advantage. Furthermore, it was stressed by (Noblet et al., 2015) that the company's ability to absorb, integrate, and apply new values and pertinent knowledge is a prerequisite for innovative skills. Accordingly, companies that maintain cooperative relationships participate in a competition where the victors are those with higher absorptive ability (Wu, 2014).

"A firm's ability to recognize the value of new external information, assimilate it, and apply it for commercial purposes" is what Cohen and Levinthal define as absorptive capacity. Organizations must learn, take in, adjust, and apply new information (Cohen & Levinthal, 1990). Following (Croaker et al., 2016), we conceptualize absorptive ability in two dimensions: Acquisition and assimilation reflect the prospective absorptive capacity dimension, whereas transformation and exploitation represent the achieved absorptive capacity dimension. The utilization of external information through business inquiry, exploitative learning processes, and transformative learning are all examples of absorptive capacity, according to (Lane et al., 2006). For instance, knowledge sharing improves absorptive ability by increasing the body of knowledge (Davenport & Prusak, 1998). Realized absorptive capacity includes turning knowledge into business actions, generating new ideas and outcomes by fusing previously learnt and freshly obtained information (Croaker et al., 2016). Additionally, realized ACAP

implies that companies can keep using integrated data for long-term business objectives (Sun & Anderson, 2010). Although it permits exploration, ACAP may restrict the quantity and scope of external knowledge that an organization can obtain as it improves its evaluation and integration of new information about its knowledge base (Cohen & Levinthal, 1990).

Realized absorptive capacity includes transforming knowledge into business actions and generating new ideas and results by integrating previously learned and freshly obtained information (Croaker et al., 2016). Additionally, realized ACAP shows that companies can continue using integrated data for long-term business objectives (Sun & Anderson, 2010). Although it permits exploration, ACAP may restrict the quantity and scope of external knowledge that an organization can obtain as it improves its evaluation and integration of new information about its knowledge base (Cohen & Levinthal, 1990).

LITERATUR REVIEW

Businesses must continue to look for ways to improve their ability to adjust to innovation and change in the marketplace as the level of competition in many sectors, including the food industry, grows more complex. Capturing and transmitting information has become a prominent topic in contemporary management literature, especially regarding performance improvement, innovation, and flexibility in the food industry (Syahyono, 2018). One tactic regularly covered in the management literature is how the capacity to gather and disseminate information is essential to enhancing company performance and competitiveness.

a. Knowledge Sharing and Business Performance

Effective knowledge exchange within the company is crucial for promoting innovation, improving corporate performance, and having the capacity to take in information from outside sources. This practice, called knowledge sharing, facilitates the interchange of concepts, information, and solutions that can enhance an organization's overall performance. According to a literature study (Hsu, 2008), companies can gain by promoting information sharing in several ways, such as enhanced individual and organisational performance, a rise in organizational-level collective knowledge, learned capabilities, and innovation.

In their analysis of information sharing, (S. Wang & Noe, 2010) claim that this approach fosters greater employee collaboration and spurs creativity. They discovered that businesses with a strong culture of knowledge sharing are more equipped to handle the difficulties that arise during the innovation process. Furthermore, it has been demonstrated that knowledge sharing boosts efficiency and productivity, which directly affect company performance. Companies can develop more competitive products in the food sector by exchanging expertise regarding production methods, creative recipes, and successful marketing strategies.

According to Hansen, knowledge sharing can also be described as when individuals willingly impart their knowledge and experience to others (Hilmi Aulawi et al., 2009). Everyone's priority is explaining, coding, and sharing knowledge with others, groups, and organizations. Through forums, groups, and online or in-person contacts with other community members, people in a community share information (Dayal, 2021). This perspective is in line with studies that demonstrate how sharing activities can enhance company culture (Panggabean & Silvianita, 2021) The ability to lead by example and serve as an example for staff members is a prerequisite for organizational leadership. When leaders can lead by example, their followers will grow accustomed to doing the same.

Therefore, cultural groups can benefit from having good leaders who can set a good example. Information sharing is one of the most important steps in knowledge management (Li et al., 2009). Knowledge can be shared only when each member of a group or organization is allowed to share thoughts, ideas, criticisms, and comments with other group members. The creation, capture, storage, processing, and distribution of knowledge, as well as the willingness of each individual in the business to share knowledge, are the six steps of knowledge sharing (Nghah & Jusoff, 2009)

b. Absorptive Capacity and Business Performance

The ability of a firm to recognize the value of external knowledge, assimilate it, and apply it for business objectives is known as absorptive capacity, or the capacity to absorb knowledge (Cohen & Levinthal, 1990). Recent studies have shown that absorptive capacity is essential for innovation and enhancing corporate performance across various industries, including the food industry, which must adapt quickly to shifting consumer preferences and industrial advancements.

The ability to apply outside knowledge is known as absorptive capacity, and it can help a business stand out from rivals who possess the same fresh information (Cuervo-Cazurra & Rui, 2017). According to Noblet et al. (2015), the ability of the organization to absorb new values and valuable knowledge, digest them, and apply them is crucial for innovative capacities.

An organisation's ability to recognize the significance of outside information, assimilate it, and use it to enhance performance is known as absorptive capacity (ACAP). (Cohen & Levinthal, 1990) introduced this concept and demonstrated the critical role that ACAP plays in grabbing creative possibilities. (Croaker et al., 2016) expand the concept of ACAP on two dimensions: realized absorptive capacity (RAC) to apply information and potential absorptive capacity (PAC) to absorb knowledge. Businesses with high ACAP are more able to adjust to changes in the market, which boosts innovation and competitiveness and enhances company performance, according to a different study by (Lane et al., 2006).

According to other research, ACAP must be combined with internal dynamic capabilities, making it easier for people to absorb external knowledge (Carnahan et al., 2010). According to (Flatten et al., 2011), ACAP mediates the relationship between company performance and external knowledge, particularly in cutting-edge technological industries (Volberda et al., 2010). Furthermore, research and development (R&D) expenditure raises an organization's ACAP, which helps them take advantage of new information faster and perform better (Griffith et al., 2004). ACAP is therefore essential to gaining a competitive edge and running a successful firm in a changing environment.

c. Knowledge Sharing, Absorptive Capacity, and Business Performance

According to research, the capacity to share and absorb knowledge does not by itself enhance corporate performance; instead, it assists businesses in gaining knowledge from outside sources and guarantees that knowledge is dispersed throughout the organization in a way that maximizes its potential for innovation and performance (Syahyono, 2017).

According to research by (Owen, 2019), absorptive capacity can amplify the benefits of knowledge sharing for company success. Business performance is eventually enhanced by organizations with high degrees of absorptive ability because they are better equipped to process and apply shared knowledge.

According to research by (Chang & Peng, 2012), absorptive ability and information sharing help each other improve a company's operational efficiency and innovation, which directly affects business performance. According to their findings, businesses that consistently promote knowledge exchange will have greater absorptive capacity, boosting marketability.

METHODE RISET

This study uses a field survey method and a quantitative strategy to collect empirical data directly from respondents in the selected locations. To perform this survey, 100 different fried food vendors in Bekasi City were given questionnaires. Each questionnaire contained a set of questions designed to examine the research variables. Structural Equation Modeling Partial Least Square (SEM-PLS) was used to analyze the collected data further to formulate and evaluate the hypothesis. based on the partial least squares structural equation modelling method (SEM-PLS). The study employed the following conceptual framework, specifically:

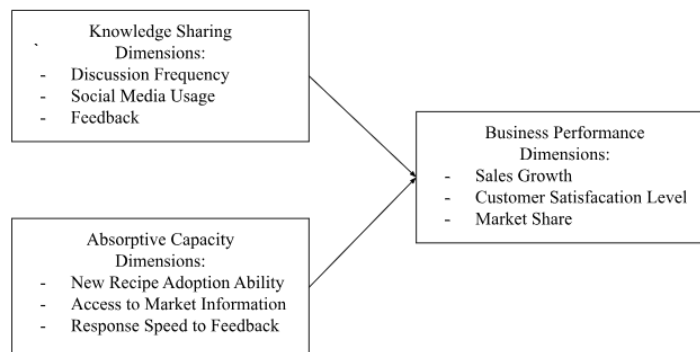


Figure 1

This study demonstrates that the variable of knowledge sharing may influence Absorptive Capacity, which in turn may influence Business Performance, either positively or negatively. The study's hypotheses are as follows:

H1: Absorptive capacity is positively impacted by knowledge sharing. Because an organization's capacity to use new knowledge can be strengthened by expanding knowledge sharing within the organization.

H2: Business performance benefits from absorptive capacity. Positive effects on corporate performance, including enhanced innovation, productivity, and competitiveness, rise with a company's capacity to acquire and apply knowledge.

H3: The relationship between business performance and knowledge sharing is mediated by absorptive capacity. Business performance can be improved by increasing absorptive capacity through effective knowledge exchange. According to this mediation, absorptive capacity is one significant mechanism relating information sharing to corporate performance.

RESULT AND DISCUSSION

A data analysis of the model created with Smartpls 3 or Structural Equation Modeling Partial Least Square (SEM-PLS) is provided below:

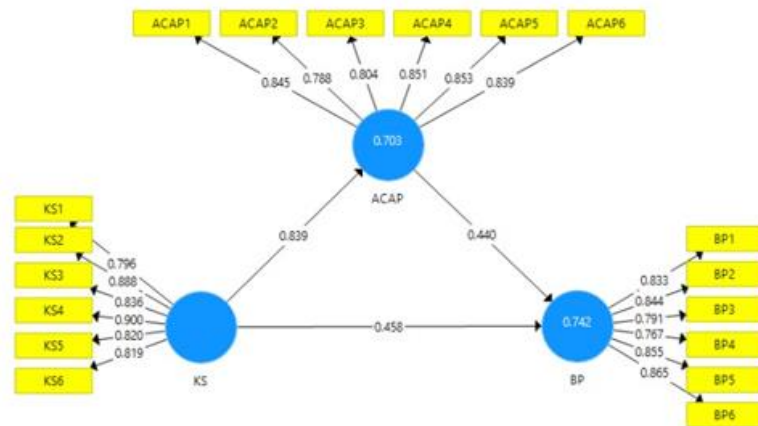


Figure 2
Source: SmartPLS 2024

Outer Loading

Examining the indicators' outer loadings is the first stage in evaluating the outer model. A high outer loading indicates a high degree of construct similarity. According to (Ketchen, 2013), the outer loading value must be at least 0.7. Table 1.1 below displays the outside loading test results, which are as follows:

Table 1. Outer Loading

| Outer Loading | ACAP | BP | KS |
|---------------|-------|-------|-------|
| ACAP1 | 0.845 | | |
| ACAP2 | 0.788 | | |
| ACAP3 | 0.804 | | |
| ACAP4 | 0.851 | | |
| ACAP5 | 0.853 | | |
| ACAP6 | 0.839 | | |
| BP1 | | 0.833 | |
| BP2 | | 0.844 | |
| BP3 | | 0.791 | |
| BP4 | | 0.767 | |
| BP5 | | 0.855 | |
| BP6 | | 0.865 | |
| KS2 | | | 0.888 |
| KS3 | | | 0.836 |
| KS4 | | | 0.900 |
| KS5 | | | 0.820 |
| KS6 | | | 0.819 |
| KS1 | | | 0.796 |

Source: SmartPLS 2024

It is evident from Table 1 convergent validity test findings that every indicator has an outer loading value of ≥ 0.70 . Consequently, it can be said that every indication in this study satisfies the requirements.

Discriminant Validity

a. Fornell – Larcker Criterion

The Fornell-Larcker Criterion value exceeds the correlation between the two model constructs. According to the Fornell-Larcker Criterion value, the calculated model construct satisfies the conditions of discriminant validity. Variables will be categorized as having discriminant validity if their cross-loading is more significant than 0.7, their AVE value is greater than 0.5, and their Fornell-Larcker criterion value is more significant than other variables, indicating that the latent variable is better at predicting indicators than other variables (S. Syahyono, 2019).

Table 2. Fornell – Larcker Criterion

| | ACAP | BP | KS |
|------|-------|-------|-------|
| ACAP | 0.830 | | |
| BP | 0.824 | 0.827 | |
| KS | 0.839 | 0.827 | 0.844 |

Source: SmartPLS 2024

The figure satisfies the Fornell-Larcker criterion since, according to the above table, the square root value of AVE for each construct is higher than the correlation with other constructs.

b. Cross Loadings

The cross loading value is the following condition that must be considered. This criterion states that an indicator's outer loading on the associated construct must be higher than its cross loading on other constructs. The following table displays the loading factor value:

Table 3. Cross Loading

| | ACAP | BP | KS |
|-------|-------|-------|-------|
| ACAP1 | 0.845 | 0.686 | 0.690 |
| ACAP2 | 0.788 | 0.672 | 0.690 |
| ACAP3 | 0.804 | 0.597 | 0.597 |
| ACAP4 | 0.851 | 0.657 | 0.697 |
| ACAP5 | 0.853 | 0.754 | 0.764 |
| ACAP6 | 0.839 | 0.723 | 0.722 |
| BP1 | 0.648 | 0.833 | 0.696 |
| BP2 | 0.668 | 0.844 | 0.661 |
| BP3 | 0.605 | 0.791 | 0.589 |
| BP4 | 0.705 | 0.767 | 0.713 |
| BP5 | 0.706 | 0.855 | 0.702 |
| BP6 | 0.742 | 0.865 | 0.727 |
| KS2 | 0.658 | 0.685 | 0.888 |
| KS3 | 0.647 | 0.733 | 0.836 |
| KS4 | 0.781 | 0.761 | 0.900 |
| KS5 | 0.670 | 0.613 | 0.820 |
| KS6 | 0.820 | 0.785 | 0.819 |
| KS1 | 0.633 | 0.572 | 0.796 |

Source: SmartPls 2024

According to the computation results shown in the table, the value of each outer loading is greater than the cross loading in other constructs.

c. Heterotrait – Monotrait Ratio (HTMT)

The heterotrait monotrait ratio (HTMT) is another crucial factor for discriminant validity. The mean of all correlations between indicators across constructs is known as HTMT. (Ketchen, 2013) state that the HTMT correlation has a maximum value of 0.9. There is no discriminant validity when the HTMT correlation value exceeds 0.9.

Table 4. HTMT

| | ACAP | BP | KS |
|------|--------------|-------|----|
| ACAP | | | |
| BP | 0.901 | | |
| KS | 0.906 | 0.895 | |

Source: SmartPls 2024

The table indicates that the HTMT correlation value is more than 0.9. This value has passed the discriminant validity test but does not meet the HTMT criteria. Since none of the constructs have yet to satisfy the requirements of the discriminant validity test, each one is empirically distinct from the others and that some of them can capture phenomena that the other constructs in the model cannot capture. Except for the HTMT test, all indicators are thus deemed to satisfy the requirements of the discriminant validity test.

Cronbach’s Alpha, Composite Reability, and Average Variance Extracted (AVE)

The internal consistency reliability test is the next test that must be performed on the external model. This test uses the Cronbach alpha and composite reliability values. Composite reliability examines the variation in the outer loading of the indicator variables, whereas the Cronbach alpha value characterizes the correlation of indicators on a construct. According to Ketchen (2013), the composite reliability and approved Cronbach alpha values ought to be greater than 0.6.

Table 5.

Cronbach’s Alpha, Composite Reability, and Average Variance Extracted (AVE)

| | Cronbach's Alpha | rho_A | Composite Reliability | Average Variance Extracted (AVE) |
|------|------------------|--------------|-----------------------|----------------------------------|
| ACAP | 0.910 | 0.913 | 0.930 | 0.690 |
| BP | 0.907 | 0.909 | 0.928 | 0.683 |
| KS | 0.919 | 0.924 | 0.937 | 0.712 |

Source: SmartPLS 2024

According to the test results in the table, all latent variables satisfy the reliability test criteria. This is predicated on the composite reliability and Cronbach alpha values of all latent variables being more than 0.7. As a result, after fulfilling all measurement requirements, all latent variables are deemed reliable.

The ability of a construct to measure each of its indicators is known as convergent validity. The Average Variance Extracted (AVE) can be used to assess for convergent validity. (Ketchen, 2013) claim that a concept can account for over 50% of the variance of its indicators when the AVE value is higher than 0.5. The AVE value for the ACAP to KS variable group is

between 0.690 and 0.712, suggesting a high capacity to account for the variance of its indicators. These variables' AVE values are above the 0.5 cutoff, suggesting that their convergent validity is adequate to very good.

Inner Model

a. Coefficient of Determination (R Square)

The R-squared number represents the construct's coefficient of determination. The inner model, also known as the structural model, is a structural model used to forecast causal relationships among latent variables. The strength of the relationship suggested by the PLS path model is a measure of a model's explanatory power, which is connected to its capacity to fit the currently available data. Coefficient of determination (R²), often known as the R-squared value or coefficient of determination, is the most widely used metric to assess the explanatory power of a structural model. The better the prediction model of the suggested research model, the higher the r-squared score. The analysis of the R-Square test value is displayed in the table.

Table 6. R Square

| | R Square |
|-------------|----------|
| ACAP | 0.703 |
| BP | 0.742 |

Source: SmartPLS 2024

According to the above table, the independent factors associated with ACAP account for 70.3% of the variation in the dependent variable, with a R Square Value of 0.703. Variables not included in the study or other factors outside the model account for the remaining 29.7%. The independent variables associated with blood pressure can then account for 74.2% of the variation in the dependent variable, according to the R Square Value of 0.742. Other factors not included in the model account for the remaining 25.8%.

b. Goodnes of Fit

The feasibility of conducting hypothesis testing in this study is determined by referring to the NFI value in the Goodness of Fit assessment table. The following is the Model Fit value that was acquired from data processing using SmartPLS:

Table 7. Goodnes of Fit

| | Saturated Model | Estimated Model |
|-------------------|-----------------|-----------------|
| SRMR | 0.078 | 0.078 |
| d_ULS | 1.031 | 1.031 |
| d_G | 0.885 | 0.885 |
| Chi-Square | 448.759 | 448.759 |
| NFI | 0.745 | 0.745 |

Source: SmartPLS 2024

The table displays the results of the Goodness of Fit test on data processing using SmartPLS. The NFI score is 0.745, indicating that this study is viable for hypothesis testing.

c. Hypothesis Testing

The relationship between the latent constructs predicted in this study was then investigated following the completion of the internal model evaluation. Partial Least Squares Structural Equation Modeling (PLS-SEM) was used to test hypotheses and statistically assess the relationship between the hypothesized constructs. This was accomplished by using the bootstrapping process to evaluate the path coefficient value, t-statistic value, and p-value. The hypothesis was tested in this study using the T statistic and P-value. The hypothesis is accepted if the P value is less than 0.05 and the T value is higher than 1.96. The direct Path Effect Coefficient produced this outcome:

Table 8. Hypothesis Testing

| | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics (O/STDEV) | P Values |
|---|---------------------|-----------------|----------------------------|------------------------|--------------|
| Absorptive Capacity -> Business Performance | 0.317 | 0.313 | 0.031 | 10.367 | 0.000 |
| Knowledge Sharing -> Absorptive Capacity | 0.488 | 0.493 | 0.048 | 10.073 | 0.000 |
| Knowledge Sharing -> Business Performance | 0.742 | 0.744 | 0.026 | 28.930 | 0.000 |

Source: SmartPls 2024

According to the analysis's findings, absorptive capacity significantly improves company performance. The path coefficient of 0.317 indicates a strong positive correlation, which suggests that improving absorptive capacity will boost company success. The hypothesis is supported since the p-value is less than 0.05 and the T statistic value (10.367) is higher than 1.96. This idea describes an organization's capacity to value outside information, take it in, and use it for business objectives. High absorptive capacity organizations are more likely to be inventive and adaptable, which gives them a competitive edge. These abilities help companies comprehend new technology, market trends, or best practices, which foster innovation and are critical to enhancing business performance. Businesses that possess absorptive capacity are also better equipped to stay competitive, implement more effective practices and technology, and quickly adjust to changes in the outside world (Syahyono, 2021). These abilities also enable better strategic decision-making, such as exploring new markets or developing goods that satisfy consumer demand.

Absorptive capacity is important for promoting innovation, which in turn affects better organizational performance, according to study by (Cohen & Levinthal, 1990). Businesses with high absorptive capacity are better at innovating and generating better commercial outcomes, according to (Syahyono, 2020). Additional empirical research by (Flatten et al., 2011) indicates that adoption directly boosts corporate success through increased innovation and adaptability. Consequently, boosting absorptive capacity is a crucial strategy for companies trying to expand while maintaining sustainability.

The analysis also indicates that knowledge sharing significantly improves absorptive capacity (Syahyono, 2020). The degree of absorptive capacity will be impacted by increased knowledge sharing, as indicated by the strong positive link indicated by the path coefficient of 0.488. The hypothesis is supported since the p-value is less than 0.05 and the T statistic value (10.073) is higher than 1.96. Knowledge sharing is how individuals or units exchange information, insights, and experiences. Because knowledge sharing broadens the communal body of knowledge required to identify, comprehend, and successfully employ external information, this process is crucial in enhancing absorptive ability (Syahyono, 2019). By sharing knowledge, individuals and groups inside an organization can expand their perspectives, deepen their comprehension of the intricacies of the outside world, and more readily integrate new information with current knowledge.

According to (Szulanski, 1996) research, organizations must communicate internal knowledge to absorb and apply external information successfully. Furthermore, knowledge sharing improves an organization's ability to learn, particularly in a changing environment,

according to (Van Den Bosch et al., 1999). (Minbaeva et al., 2003) discovered that knowledge sharing increases an organization's capacity to absorb information by helping people and groups become more adept at absorbing and using knowledge. Promoting knowledge sharing within the company is a crucial strategy to boost absorption and preserve competitive advantage.

The analysis's findings therefore indicate that information sharing significantly improves company success. This shows a strong positive association with a path coefficient of 0.742, indicating that increased knowledge sharing will impact the degree of business success. The hypothesis is accepted since the p-value is less than 0.05 and the T statistic value (28.930) is more significant than 1.96. Individuals, groups, and units within the organization can share information, experiences, and insights through the knowledge sharing process, which improves the organization's overall capacity for innovation, strategic decision-making, and effective problem-solving. By encouraging information sharing within the organization, businesses can increase operational efficiency, respond to market demands more quickly, and create more competitive goods and services (S. Syahyono, 2021).

Furthermore, exchanging knowledge creates a culture of cooperation that eventually boosts an organization's competitiveness. According to (Eden & Miller, 2001) research, increased innovation—which is strongly associated with information sharing—is one of the significant determinants impacting corporate performance. Additionally, (Yang, 2007) discovered that knowledge sharing enhances organizational flexibility and productivity in adapting to changes in the market, which improves both financial and non-financial performance. Furthermore, knowledge sharing enhances process innovation and decision-making standards, both of which are critical to an organization's overall success (Z. Wang & Wang, 2012). Thus, applying effective information sharing strategies is one of the most crucial components in attaining competitive advantage and long-term economic survival.

Therefore, business performance will be enhanced by enhancing the organization's ability to recognize, absorb, and use external information effectively (Syahyono, 2023). Because they are more adaptable, innovative, and efficient, companies with a high absorptive capacity can create a long-lasting competitive advantage. The process of knowledge sharing then improves the organization's overall knowledge base by improving comprehension and efficient use of outside information. This implies that increasing an organization's capacity for absorption requires information sharing. By sharing knowledge, companies can create a cooperative culture that encourages sustainability and competitiveness (Syahyono, 2016). Thus, boosting absorptive ability and information interchange can be important strategies that improve corporate success. Companies with strong knowledge management and application skills will be better equipped to deal with changing market conditions and accomplish their strategic objectives.

CONCLUSION

The study's conclusions highlight how crucial the connection between information sharing and absorptive capacity is to enhancing MSME firm success. The study demonstrates that enhancing MSMEs' comprehension and use of fresh data about market trends mostly depends on knowledge sharing—exchanging information, insights, and best practices across business actors.

Absorptive capacity—the capacity to take in, process, and apply external information—was found to significantly impact innovation and operational efficiency (Syahyono, 2015). When these two aspects are appropriately managed, business sustainability, competitiveness, and productivity all increase. According to this study, strong absorptive capacity and effective information exchange greatly enhance MSMEs' performance, particularly in the fried food sector.

The study's conclusions also show that MSMEs who can make the most of their ability to exchange and assimilate knowledge are more likely to be able to respond to market shifts, produce more innovative goods, and keep customers loyal. This conclusion is a strategic recommendation for MSMEs to enhance their internal information absorption capabilities and fortify the culture of knowledge sharing in order to attain sustainable firm growth, particularly in Bekasi City.

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