

ABSTRACT

This study aims to analyze the influence of knowledge sharing on the capabilities of innovation and competitive advantage in SME Batik Tulis Giriloyo. Subjects in this research are batik craftsmen who are members of Giriloyo village batik community. Sampling using non probability sampling technique with the type of purposive sampling, by distributing questionnaires as much as 126 respondents. The analysis used in this research uses SEM (Structural Equation Modeling) which is operated with Amos 22.0 program.

The results of this study indicate first, knowledge sharing positively significant effect on innovation capability with a significance of $0.000 < 0.05$, second knowledge sharing has a significant positive effect on competitive advantage with a significance of $0.032 < 0.05$, the three innovative capabilities have a positive and significant impact on the benefits competes with a significance of $0.000 < 0.05$. Fourth share of knowledge have a significance positive effect on competitive advantage through innovation capability as a mediation variable with significance significance of $0.164 < 0.268$.

Keywords: Knowledge sharing, innovation capability, competitive advantage.