



THE IMPACT OF KNOWLEDGE MANAGEMENT AND ORGANIZATIONAL LEARNING ON COMPETITIVE ADVANTAGE: EVIDENCE FROM SASIRANGAN MSMEs IN BANJARMASIN

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Abstract

This study investigates the influence of knowledge management and organizational learning on the competitive advantage of Sasirangan MSMEs in Banjarmasin, with organizational innovation functioning as a mediating variable. Although previous research has extensively examined these constructs in various industrial contexts, empirical evidence linking knowledge management, organizational learning, innovation, and competitive advantage within culturally based MSMEs—particularly Sasirangan craft enterprises—remains limited. Using a quantitative approach, data were collected from 139 MSME actors through structured questionnaires and analyzed using PLS-SEM. The results indicate that knowledge management and organizational learning significantly enhance organizational innovation, which in turn strengthens competitive advantage. Organizational innovation is also found to significantly mediate the relationship between both antecedent variables and competitive advantage. These findings contribute to the resource-based view and knowledge-based view frameworks by demonstrating that innovation capability is a critical pathway through which internal knowledge processes create competitive value in micro-scale creative industries. Practically, the study highlights the need for structured knowledge management systems, continuous learning mechanisms, and innovation-oriented organizational cultures to support the sustainability and competitiveness of Sasirangan MSMEs in evolving markets.

Keywords: Knowledge Management, Organizational Learning, Competitive Advantage, Organizational Innovation, MSMEs

Abstrak

Penelitian ini mengkaji pengaruh manajemen pengetahuan dan pembelajaran organisasi terhadap keunggulan bersaing UMKM Sasirangan di Banjarmasin, dengan inovasi organisasi sebagai variabel mediasi. Meskipun berbagai studi telah membahas variabel-variabel tersebut dalam konteks industri yang berbeda, bukti empiris yang menghubungkan manajemen pengetahuan, pembelajaran organisasi, inovasi, dan keunggulan bersaing pada UMKM berbasis budaya—khususnya industri Sasirangan—masih sangat terbatas. Menggunakan pendekatan kuantitatif, data dikumpulkan dari 139 pelaku UMKM melalui kuesioner terstruktur dan dianalisis menggunakan PLS-SEM. Hasil penelitian menunjukkan bahwa manajemen pengetahuan dan pembelajaran organisasi berpengaruh signifikan terhadap peningkatan inovasi organisasi, dan inovasi tersebut secara signifikan memperkuat keunggulan bersaing. Selain itu, inovasi organisasi terbukti memediasi hubungan antara kedua variabel antecedent dengan keunggulan bersaing. Temuan ini berkontribusi pada penguatan teori resource-based view dan knowledge-based view dengan menunjukkan bahwa kapabilitas inovasi merupakan jalur krusial bagi UMKM kreatif untuk mentransformasikan proses pengetahuan internal menjadi nilai kompetitif. Secara praktis, penelitian ini menegaskan urgensi penerapan sistem manajemen pengetahuan yang terstruktur, budaya belajar berkelanjutan, dan orientasi pada inovasi untuk menunjang keberlanjutan serta daya saing UMKM Sasirangan di pasar yang terus berubah.

Kata kunci: *Knowledge Management, Organizational Learning, Competitive Advantage, Organizational Innovation, UMKM*

INTRODUCTION

Micro, Small, and Medium Enterprises, commonly called MSMEs, are the pillars and drivers of the economy from rural to urban areas. The role of MSMEs is considered very important in a country's economy, due to their ability to open up employment opportunities and absorb a wide workforce. Kementrian Koordinator Bidang Perekonomian stated that "MSMEs are an important pillar in the Indonesian economy that is able to absorb labor and contribute to the balance of payments". MSMEs have a very large contribution to the creation or development of Gross Domestic Product (GDP), compared to the contribution of other types of large businesses.¹

The type of MSMEs in Indonesia is dominated by micro-business actors, namely 98.68% and absorbing 89% of the workforce, and micro-businesses contribute 37.8% to GDP.² Micro-enterprises can have a strong role if they are given development in the form of: capital with easy credit, training, mentoring and facilitators, technical assistance and consultation, provision of information, and research.³ Furthermore, also said in their journal discussing women's economic empowerment that "Micro businesses can be grouped into marginal business types which are characterized by the use of relatively simple technology, relatively small capital levels, very limited access to credit, and tend to be oriented towards local markets."

One type of micro-business that contributes to the local economy and community empowerment is the business of traditional cloth patterns from various regions. The traditional cloth pattern that will be discussed in this study is Sasirangan cloth from the city of Banjarmasin, South Kalimantan. "According to the elders of the local community, Sasirangan cloth is the forerunner of Pamintan cloth. This Pamintan cloth is a means used for treating sick people".⁴ Around 1980, the existence of Sasirangan cloth (Pamintan cloth) began to be developed by artisan craftsmen to be used as a practical clothing material, then various experiments were carried out including the basic material of the cloth, dyes, and development of decorative motifs to produce

¹ Kementrian Koordinator Bidang Perekonomian, "UMKM Menjadi Pilar Penting Dalam Perekonomian Indonesia," 2020, <https://ekon.go.id/Publikasi/Detail/2969/Ukm-Menjadi-Pilar-Penting-Dalam-Perekonomian-Indonesia>.

² Kementrian Keuangan, "UMKM Bangkit, Ekonomi Indonesia Terungkit," 2020, <https://www.djkn.kemenkeu.go.id/Artikel/Baca/13317/UMKM-Bangkit-Ekonomi-Indonesia-Terungkit.Html>.

³ Retno Endah, Supeni Maheni, and Ika Sari,

"[Http://Repositorio.Unan.Edu.Ni/2986/1/5624.Pdf](http://Repositorio.Unan.Edu.Ni/2986/1/5624.Pdf)" <http://Fiskal.Kemenkeu.Go.Id/Ejournal> <http://Dx.Doi.Org/10.1016/j.Cirp.2016.06.001> <http://Dx.Doi.Org/10.1016/j.Powtec.2016.12.055> <https://Doi.Org/10.1016/j.Jfatigue.2019.02.006> <https://Doi.Org/10.1>," *Seminar Nasional Ilmu Ekonomi Terapan Fakultas Ekonomi UNIMUS* 1, no. 2 (2011): 101–11.

⁴ Kementrian Pendidikan dan Budaya, "Kain Sasirangan," 2015, [https://kebudayaan.kemdikbud.go.id/Ditwdb/Kain-Sasirangan/\(2015\)](https://kebudayaan.kemdikbud.go.id/Ditwdb/Kain-Sasirangan/(2015)).

Sasirangan cloth for everyday clothing needs and can be used as a business to compete in the market.

Sasirangan cloth still uses many traditional motifs, which function as a means of healing. Along with the development of the times, these motifs are combined or combined depending on the orders received by the craftsmen. Sasirangan motifs are patterns or designs that become the framework of the image on Sasirangan in the form of a combination of lines, shapes, and slices that become one unit that embodies Sasirangan as a whole. "The types of Sasirangan that are still popular today include wadi waringin, pungling, and katutut patterns. Patterns that are no longer/less popular include karacuk, a'amasan, yellow kalapa, white ramak sahang, jarum-jarum, tauman, batik santan, kamumu, kastari masak, parang simpak, and paring anum".

Sasirangan in use can give a distinctive impression to the wearer. Banjarmasin City has determined Sasirangan Natural Dye as a superior product in the creative economy sector, based on recommendations from Creative Economy Agency in the year 2017⁵. This Sasirangan fabric has a very promising market share. This can be concluded from the distribution of the handicrafts which are not only used for personal needs but have also spread outside the region, including Java, Sumatra, Bali and even abroad such as Malaysia. The Sasirangan craft industry also experiences problems in the form of limited capital and human resources, "based on the results of a survey that has been conducted, it shows that many craftsmen who have shifted their activities from being Sasirangan craftsmen have changed their profession to become traders or other professions that bring in money faster, especially among the younger generation."⁶

Seeing these problems, the Sasirangan industry needs to prepare itself by creating competitive strategies (Y2) and organizational innovation (Y1) as a mediation that will affect the system and productivity at the local to international levels. Using knowledge management variables (X1) and learning organizations as variables (X2). The Sasirangan craft industry also faces problems originating from external industries in the form of a tight business competition climate, limited infrastructure, implications of regional autonomy that increase production costs, implications of free trade that require the industry to work with an efficient production scale, and limited market access that requires the Sasirangan Craft industry to conduct an evaluation. This condition requires serious efforts from the local government to continue to develop the Sasirangan Craft industry from upstream to downstream.

⁵ Herry Pradana and Siska Fitriyanti, "Preferensi Konsumen Terhadap Produk Sasirangan Di Kota Banjarmasin," *Jurnal Kebijakan Pembangunan* 16, no. 1 (2021): 51–65, <https://doi.org/10.47441/jkp.v16i1.160>.

⁶ Akhsanul Rahmatullah, "Potensi Dan Strategi Pengembangan Industri Sasirangan Kota Banjarmasin," *Ecoplan* 4, no. 1 (2021): 45–53, <https://doi.org/10.20527/ecoplan.v4i1.232>.

Theoretical Review and Hypothesis Development

Resource-Based View Theory

The main theory of the Resource-Based View is the Resource Theory and Resource-Based Advantage (RBV) emphasizes the importance of a company's internal resources, including human resources, in creating long-term competitive advantage.⁷ Superior human resources are the main pillar in achieving excellence in competition and achieving success.⁸ Based on data in 2020, the Central Statistics Agency of Banjarmasin City explained that the average last education of the Banjar community was Senior High School (SMA), with a percentage of 42.09% explaining the majority of Generation X and millennials. The higher a person's level of education, the higher the level of productivity or performance of the workforce. In general, people who have higher formal or informal education will have broader insights⁹. This problem requires micro-business actors in the Sasirangan industry in Banjarmasin City to respond quickly to maintain their business by implementing strategic management that utilizes internal resources (Resource-Based View) to the maximum.

Knowledge-Based View

In Grant's research, explains that Knowledge-Based View (KBV) is a theoretical approach that emphasizes the importance of organizational knowledge and capabilities in achieving competitive advantage. The KBV concept holds that intellectual resources and capabilities, especially knowledge owned by an organization, can be the main basis for creating long-term competitive advantage.¹⁰ In the context of KBV, knowledge management helps organizations optimize the use of knowledge to achieve competitive advantage¹¹. In addition, in the context of KBV, learning organizations are able to develop and update their knowledge continuously,

⁷ Restika Restika and Era Sonita, "Tantangan Keamanan Siber Dalam Manajemen Likuiditas Bank Syariah : Menjaga Stabilitas Keuangan Di Era Digital," *Krigan: Journal of Management and Sharia Business* 1, no. 2 (2023): 25, <https://doi.org/10.30983/krigan.v1i2.7929>.

⁸ Ilham, M., H. N. S., & E. P., "Analisis Perencanaan Sumber Daya Manusia Pada Perusahaan PT. Elang Jagad Guna Mengetahui Kebutuhan SDM Dengan Metode WISN (Workload Indicator Staff Need)," *In Prosiding SENASTITAN: Seminar Nasional Teknologi Industri Berkelanjutan*. 2, 436–442 (2022).

⁹ Agilia Febianti et al., "Pengaruh Tingkat Pendidikan, Dan Pengalaman Kerja Terhadap Produktivitas Kerja Di Indonesia," *Jurnal Ilmiah Multidisiplin Indonesia* 2, no. 1 (2023): 198–204.

¹⁰ Muhammad Shujahat et al., "Translating the Impact of Knowledge Management Processes into Knowledge-Based Innovation: The Neglected and Mediating Role of Knowledge-Worker Productivity," *Journal of Business Research* 94, no. September 2017 (2019): 442–50, <https://doi.org/10.1016/j.jbusres.2017.11.001>.

¹¹ Ghulam Nabi Sapan et al., "International Journal of Social Science Research and Review," *International Journal of Social Science Research and Review* 5, no. 1 (2022): 113–28, <http://dx.doi.org/10.47814/ijssrr.v6i11.642%0AAbstract>.

supporting growth and competitive advantage¹². By integrating these aspects, organizations can achieve competitive advantage in a more holistic manner, optimizing knowledge management, building a learning culture, and encouraging creativity to create sustainable added value.

Knowledge Management

To achieve competitive advantage, knowledge management also appears as an influential factor. Research by ¹³ and ¹⁴ shows that knowledge management has a significant role in organizational success. This concept is also reinforced by other findings that confirm that knowledge management plays an important role in organizational success.¹⁵

Organization Learning

The significant influence of learning organizations on organizational innovation also occurs in research that the more the learning organization increases, the more innovation will increase. Conversely, the more the learning organization decreases, the more innovation will decrease.¹⁶ In his research, he also said that learning organizations have a significant influence, which means that they can influence competitive advantage through organizational innovation. This explains that the more innovation increases, the more competitive advantage will increase, and vice versa.

Organizational Innovation

In another study, Siagian, based on the results of the correlation analysis between the dimensions of the analysis and the analysis of the structural model coefficient, it can be concluded that there is a significant influence of the knowledge management variable on Innovation. This shows that knowledge management is very crucial to support the process of creating innovation in processes and products, especially in the IT industry, which has the characteristics of very rapid and massive changes and updates. From this research, there is a novelty in the current research, which tests the relationship between knowledge management and innovation towards competitive advantage in Sasirangan MSMEs in Banjarmasin City.

Competitive Advantage

¹² Huang Huan et al., "Characteristics of Knowledge, People Engaged in Knowledge Transfer and Knowledge Stickiness: Evidence from Chinese R&D Team," *Journal of Knowledge Management* 21, no. 6 (2017): 1559–79, <https://doi.org/10.1108/JKM-02-2017-0054>.

¹³ Gupta, A., & M. J., "Creating Competitive Advantage by Effectively Managing Knowledge: A Framework for Knowledge Management," *Journal of Knowledge Management Practice* 3(2), 40–4 (2002).

¹⁴ Gustavo Dalmarco et al., "The Use of Knowledge Management Practices by Brazilian Startup Companies," *RAI Revista de Administração e Inovação* 14, no. 3 (2017): 226–34, <https://doi.org/10.1016/j.rai.2017.05.005>.

¹⁵ Nabeel Rehman et al., "The Psychology of Resistance to Change: The Antidotal Effect of Organizational Justice, Support and Leader-Member Exchange," *Frontiers in Psychology* 12, no. August (2021): 1–15, <https://doi.org/10.3389/fpsyg.2021.678952>.

¹⁶ Nova Pradana Nasution, Zulfadil Zulfadil, and Deny Setiawan, "Pengaruh Manajemen Pengetahuan Dan Pembelajaran Organisasi Terhadap Inovasi Serta Dampaknya Terhadap Keunggulan Bersaing PT. Bank Riau Kepri," *Jurnal Akuntansi Dan Ekonomika* 11, no. 1 (2021): 33–43, <https://doi.org/10.37859/jae.v11i1.2529>.

This study discusses competitive advantage in MSMEs is important because MSMEs face unique challenges in creating and maintaining competitive advantage in a very dynamic and competitive market. MSMEs often operate in an environment full of uncertainty, with limited resources, so the ability to develop competitive advantage is a key factor in surviving and growing. Competitive advantage allows MSMEs to differentiate themselves from competitors, attract customers, and create sustainable value.¹⁷ Competitive advantage can be achieved through differentiation or cost-efficiency strategies, which are relevant for companies in determining their position in the market.

So in the research explains that Competitive advantage refers to a position of comparative advantage in the market that can cause a company to be better than its competitors¹⁸. A company is considered to have a competitive advantage when the company successfully executes a valuable strategy and the strategy is also not carried out by other companies, either now or in the future, where the company benefits from the strategy¹⁹. Ultimately, Sasirangan MSMEs in Banjarmasin City must have a competitive advantage to be able to answer all the challenges faced.

The combination of the four variables used in this study is a novelty that links the variables, especially in MSMEs. The combination of these four variables enriches the literature that explains how a business unit, especially MSMEs, is able to achieve a competitive advantage through the internal role of MSMEs with learning organizations, knowledge management, and innovation organizations. The research variables for the competitive advantage of Sasirangan MSMEs in Banjarmasin City include:

- Knowledge Management
- Organizational Learning
- Organizational Innovation
- Competitive Advantage

Based on the explanation of the research above, the research gap in this research provides an opportunity for researchers to test and analyze the performance of Sasirangan fabric micro-businesses in Banjarmasin City, which are not yet capable of creating Sasirangan's competitive advantages appropriately and aggressively in the domestic and international markets. Second, there

¹⁷ Joni Phangestu, Ronny Kountur, and Dolly A. Prameswari, "The Moderating Effect of Entrepreneurial Leadership and Competitive Advantage on the Relationship Between Business Model Innovation and Startup Performance," *Journal of Business & Retail Management Research* 14, no. 03 (2020): 53–61, <https://doi.org/10.24052/jbrmr/v14is03/art-06>.

¹⁸ I. Putu Gde Sukaatmadja et al., "Competitive Advantage to Enhance Internationalization and Marketing Performance Woodcraft Industry: A Perspective of Resource-Based View Theory," *Journal of Project Management (Canada)* 6, no. 1 (2021): 45–56, <https://doi.org/10.5267/j.jpm.2020.9.002>.

¹⁹ Ni Nyoman Kerti Yasa et al., "The Role of Competitive Advantage in Mediating the Effect of Promotional Strategy on Marketing Performance," *Management Science Letters* 10, no. 12 (2020): 2845–48, <https://doi.org/10.5267/j.msl.2020.4.024>.

has been no research that tests knowledge management and learning organizations on competitive advantages through organizational innovation in Sasirangan micro-businesses in Banjarmasin City.

MATERIAL AND METHOD

Type Of Research

This study uses a Quantitative Method approach, which involves collecting data by determining relevant variables based on available theories.

Table. 1 Variable

Variable	Indicator	Number Of Item	Reference
Knowledge Management	socialization	2	(Dalmarco et al., 2017) ²⁰ , (Kale, 2011) ²¹
	externalization	2	
	combination	2	
	internalization	2	
Organizational Learning	Continuous Learning	2	(Neefe, 2001) ²² & (Azma & Mostafapour, 2011) ²³
	Dialogue and Inquiry	2	
	Team learning and collaboration	2	
	Integrated System	2	
	Empowerment	2	
	System Relationship	2	
	Strategic Leadership	2	
Organizational Innovation	The perceived effectiveness of innovation	2	(Kivimaè Ki et al., 2000) ²⁴ , (Sung & Kim, 2021) ²⁵
Competitive Advantage	Brand Image	2	(Phangestu et al., 2020) ²⁶ , (Pereira-Moliner et al., 2016) ²⁷ , (Xu et al., 2020) ²⁸
	Product Quality	2	
	Cost	2	
	Production System	2	
	Economic scale	2	

²⁰ Dalmarco et al., “The Use of Knowledge Management Practices by Brazilian Startup Companies.”

²¹ Kale, S., & K. E. A., Evaluating the Knowledge Management Practices of Construction Firms by Using Importance–Comparative Performance Analysis Maps. *Journal of Construction Engineering and Management*, 137(12), 1142–1152 (2011).

²² Neefe, D. O., Learning Organizations in Higher Education Comparing Levels Of Organizational Learning Maturity Of Colleges And Universities Participating In Traditional And Non-Traditional (Academic Quality Improvement Project) Accreditation Processes (2001).

²³ Azma, F., & Mostafapour, M. A., Identify knowledge management and organizational learning indicators and its relation with creativity. *Procedia - Social and Behavioral Sciences*, 30, 2249–2252. <https://doi.org/10.1016/j.sbspro.2011.10.439> (2011).

²⁴ Kivimaè Ki, M., Laè, H., Elovainio, M., Heikkilä, A., Lindstroè, K., Harisalo, R., Sipilä, K., & Puolimatka, L., Communication as a determinant of organizational innovation (2000).

²⁵ Sung, W., & Kim, C., A study on the effect of change management on organizational innovation: Focusing on the mediating effect of members’ innovative behavior. *Sustainability (Switzerland)*, 13(4), 1–26. <https://doi.org/10.3390/su13042079> (2021).

²⁶ Phangestu, J., Kountur, R., & Prameswari, D. A., The Moderating Effect of Entrepreneurial Leadership and Competitive Advantage on the Relationship Bbetween Business Model Innovation and Startup Performance. In *Journal of Business and Retail Management Research (JBRMR)* (Vol. 14). www.jbrmr.comA (2020).

²⁷ Pereira-Moliner, J., Pertusa-Ortega, E. M., Tarí, J. J., López-Gamero, M. D., & Molina-Azorín, J. F., Organizational design, quality management and competitive advantage in hotels. *International Journal of Contemporary Hospitality Management*, 28(4), 762–784. <https://doi.org/10.1108/IJCHM-10-2014-0545> (2016).

²⁸ He, X., Sun, S., Leong, L. W., Cong, P. T., Abu-Rumman, A., & Halteh, K., Does clean energy and technological innovation matter for economic growth? An Asian countries perspective. *Economic Analysis and Policy*, 78. <https://doi.org/10.1016/j.eap.2023.04.017> (2023).

Each variable has an indicator and 2 items which aim to make it easier for respondents to answer all questions. All indicators and items are taken from previous research that has been conducted.

Research Location

Sasirangan UMKM operates in the city of Banjarmasin, which is the center of the traditional cloth manufacturing industry from South Kalimantan.

Population and Sample

The population criteria used were all 139 Sasirangan MSMEs in Banjarmasin City. This number represents the total population and will be used as a sample. Sampling was conducted using a non-probability sampling method. Non-probability sampling is a sampling technique that does not select samples randomly. In this study, non-probability sampling was used, purposive sampling.

Measure

The measurement of variables developed into indicators and question items in the questionnaire uses a Likert scale with five score options, 5 strongly agree to 1 strongly disagree which is presented in the following table:

Data Collection

The questionnaire containing items on Knowledge Management, Organizational Learning, Organizational Innovation, and Competitive Advantage was developed from previous research items that have been adjusted to the current research context.

Data Analysis Methods

Data analysis used statistical analysis tests, including descriptive statistics and inferential statistics using SmartPLS (Partial Least Squares) software. The use of Partial Least Squares Structural Equation Modeling (PLS-SEM) in this study is preferred over SEM-AMOS for Confirmatory Factor Analysis (CFA) because PLS-SEM is more suitable for exploratory research and when the main objective is to predict the dependent variable. PLS-SEM is able to handle complex models and has several indicators for each construct. It can also be used with smaller sample sizes without sacrificing statistical power.

RESULTS AND DISCUSSION

Respondent characteristics based on gender, age, education, and length of service are as follows:

Tabel 2. Characteristic of Respondent

No.	Characteristik	Criteria	Frequency (Person)	Percentage (%)
1.	Gender	Man	60	43,2
		Women	79	56,8
		27-32 Years Old	10	7,2
		33-37 Years Old	11	7,9
		38-42 Years Old	18	12,9
		43-47 Years Old	31	22,3

2.	Age	48-52 Years Old	34	24,5
		53-57 Years Old	19	13,7
		58-62 Years Old	10	7,2
		63-67 Years Old	6	4,3
3.	Education	SD	5	3,6%
		SMP	1	0,7%
		SMA/SMK	59	42,4%
		Diploma	22	15,8%
		Sarjana	47	33,8%
		Pascasarjana	5	3,6%
4.	Long Term Business	1-5 Years	9	6,5%
		6-10 Years	57	41,0%
		11-15 Years	59	42,4%
		16-20 Years	10	7,2%
		> 20 Years	4	2,9%
5.	Income	Rp.5.000.000 - Rp.10.000.000	10	7,2%
		Rp.10.000.000 - Rp.15.000.000	116	83,5%
		Rp.15.000.000 - Rp.20.000.000	11	7,9%
		Rp.20.000.000 - Rp.25.000.000	2	1,4%

Respondents in this study were 139 Sasirangan MSMEs based or operating in Banjarmasin City, South Kalimantan, officially registered with the Department of Trade and Industry (Disperdagin), part of the community, and have been operating for 15 years. Gender, age, highest level of education, length of business, and monthly income were among the attributes collected.

Instruments Testing

Validity and Reability

The technique used to test validity and reliability is Partial Least Squares (PLS), especially through outer model analysis. All items in this study showed loading factor values above 0.7, which means they have a strong correlation to the constructs they measure. Specifically, the loading factor values ranged from 0.911 to 0.983 for all indicators, indicating excellent convergent validity.

Based on the summary of the results of the reliability testing of the research instrument, it is known that all indicators have values above 0.7. Thus, the indicators are declared reliable in measuring the variables of Knowledge Management, Organizational Learning, Organizational Innovation, and Competitive Advantage.

Evaluation Of the Measurement Model

Evaluation of the measurement model in this thesis is carried out through two main stages, namely outer model analysis and inner model analysis. In the outer model analysis, the validity and reliability of the constructs used are tested by measuring convergent validity and discriminant validity. Each indicator shows a loading factor value above 0.7, which indicates that the indicator has a strong correlation with the construct it measures. In addition, Composite Reliability and

Average Variance Extracted (AVE) tests show that all constructs meet the criteria for high internal consistency.

Next, in the inner model analysis, the structural relationship between latent variables is evaluated by calculating the R-square (R^2) value, which shows how well the independent variables explain the dependent variable. The results of the analysis show that this model has strong predictive ability, with a Q^2 value greater than zero, confirming that the model can explain data variation effectively. Overall, the evaluation results show that the measurement model in this study is valid, reliable, and has good predictive power.

Hypothesis Testing

Hypothesis testing in this thesis was conducted using the Partial Least Squares (PLS) method through path analysis. Each hypothesis was tested by calculating the path coefficient, t-statistic, and p-value. The results of the analysis showed that all hypotheses were accepted, with a p-value less than 0.05, indicating a significant influence between Exogenous and Endogenous variables. The results of hypothesis testing can be seen in the following table (Table 3):

Hypothesis	Influence between variables			Path coefficient	t-Statistic	p-value	Information
	Eksogen	→	Endogen				
H1	Knowledge Management (X1)	→	Competitive Advantage (Y2)	0,313	3,194	0,001	Significant
H2	Organizational Learning (X2)	→	Competitive Advantage (Y2)	0,315	2,535	0,011	Significant
H3	Knowledge Management (X1)	→	Organizational Innovation (Y1)	0,418	3,416	0,001	Significant
H4	Organizational Learning (X2)	→	Organizational Innovation (Y1)	0,487	3,978	0,000	Significant
H5	Organizational Innovation (Y1)	→	Competitive Advantage (Y2)	0,307	2,839	0,005	Significant
H6	Knowledge Management (X1)	→	Organizational Learning (X2)	0,792	12,609	0,000	Significant

Each row in the table represents one hypothesis being tested, including the causal variable and the consequent variable. The columns included are Path Coefficient, t-statistic, and p-value, which are key statistical indicators in hypothesis testing. Most importantly, the "Remarks" column consistently shows "Significant" for all tested hypotheses, supported by p-values that are generally very small (close to or equal to 0.001 or 0.000).

This indicates that all hypotheses proposed in the study, which test direct and mediation relationships between variables, are accepted as statistically significant. In other words, the test

results indicate that there is a significant influence between the hypothesized variables. As seen in

Variable	Path Coefficient	t-statistic	P-value	Information
Knowledge Management (X1) -> Organizational Innovation (Y1) -> Competitive Advantage (Y2)	0,128	2,154	0,031	Significant
Organizational Learning (X2) -> Organizational Innovation (Y1) -> Competitive Advantage (Y2)	0,150	2,178	0,029	Significant

the following table:

Table 4.
Hypothesis Testing Result of Indirect Effect

Effect

The results of the specific indirect effect test show that Knowledge Management (X1) has an indirect effect on Competitive Advantage (Y2) through Organizational Innovation (Y1) with a path coefficient of 0.128, t-statistic of 2.154, and p-value of 0.031, which means this effect is significant because the p-value is below 0.05 and the t-statistic is above 1.96. In addition, Organizational Learning (X2) also shows an indirect effect on Competitive Advantage (Y2) through Organizational Innovation (Y1) with a path coefficient of 0.150, t-statistic of 2.178, and p-value of 0.029, which is also significant with the same criteria.

Discussion

Descriptive Analysis

Descriptive analysis is done by interpreting the average value of each indicator in the research variable so that it can provide an overview of what indicators build the overall concept of the research model. The basis for the interpretation of the average score used in this study refers to the interpretation of the score used, namely if the average score (mean) is greater than 4.2 then it can be interpreted very well.

The results of this study, based on descriptive analysis, show a very positive perception of Sasirangan MSME actors in Banjarmasin City towards all variables studied.

Knowledge Management

Knowledge management in MSMEs is a systematic process in managing and utilizing knowledge to improve innovation, efficiency, and competitiveness. Despite having limited resources, MSMEs need effective knowledge management in order to be able to adapt to market changes and create added value. In this study, knowledge management uses four dimensions: socialization, externalization, combination, and internalization. These four dimensions are

described in eight statements as a measuring tool for knowledge management in this study.

The knowledge management variable is dominated by the socialization dimension with a second order loading factor value of 0.956, meaning that of the four main dimensions in the SECI model (Socialization, Externalization, Combination, and Internalization), socialization is the strongest dimension in representing the overall knowledge management construct. The second order loading factor value of 0.956 shows a very strong and significant relationship between the Socialization dimension and the latent variable Knowledge Management, indicating that this aspect contributes the most to the success of knowledge management in the context of this study.

In the SECI framework, socialization refers to the process of sharing tacit knowledge from one individual to another through direct interaction, shared experience, observation, or imitation. This process is important because tacit knowledge is difficult to document, thus requiring a social relationship-based approach and direct practice. The high value of this loading factor indicates that the practices of sharing direct experiences, cooperation between actors, and learning through observation and informal discussions are the main strengths in knowledge management activities, especially in the context of Sasirangan cloth entrepreneurs. This also reflects that an organizational or community culture that supports interpersonal communication and collective learning is very important in building and maintaining an effective knowledge management process. Thus, a knowledge management strategy that focuses on strengthening social interaction and sharing direct experiences is a key factor in the success of managing knowledge in the environment studied.

Organizational Learning

Organizational learning in the context of MSMEs is the ability of an organization to continuously create, acquire, and transfer knowledge and adjust business behavior and strategies based on new insights. This process is an important foundation for MSMEs in facing market uncertainty, managing change, and driving innovation and competitive advantage through continuous learning. Organizational Learning consists of seven dimensions, namely continuous learning, dialogue and inquiry, team learning and collaboration, integrated systems, empowerment, system relationships, and strategic leadership. The seven dimensions are reduced to fourteen statement items used as measuring tools in this study.

The Organizational Learning variable is dominated by the strategic leadership dimension of 0.949. This figure indicates that strategic leadership is the most influential and strongest dimension representing the entire learning process in an organization. This very high loading value indicates that the role and quality of strategic leadership have the greatest contribution in forming and driving a sustainable learning culture in a business or organizational environment.

Strategic leadership includes the ability of leaders to make long-term decisions, drive

change, open new opportunities, and facilitate learning at all levels of the organization. Leaders who have a vision and commitment to learning will create an organizational climate that is open to innovation, reflection, and continuous improvement. Such leaders also serve as role models for employees in terms of curiosity, adaptability, and a spirit of self-development. These findings indicate that without the support of strategic and proactive leadership, the organizational learning process is difficult to run optimally. Strategic leaders not only direct the organization towards its goals, but also form structures, systems, and values that support the collective learning process. Thus, strategic leadership is the main key to strengthening Organizational Learning, because from this leadership comes direction, encouragement, and real support for the development of knowledge, innovation, and continuous renewal in the organization.

Organizational Innovation

Organizational Innovation is a form of comprehensive innovation that involves the collaborative creation and implementation of new products, services, and ideas in the market. In addition, this innovation includes the organization's ability to anticipate customer needs and provide superior responses compared to competitors. The level of organizational innovation is also reflected in how the company organizes and manages its entire innovation process. Organizational Innovation consists of one dimension, namely the perceived effectiveness of innovation. This indicator is derived into two statement items used as measuring tools in this study. The organizational innovation variable is only measured with one dimension, namely the perceived effectiveness of innovation, so it has a loading factor value of 1,000. This number indicates that the entire construction of the organizational innovation variable is fully represented by the perceived effectiveness of the innovation dimension. In other words, because there is only one dimension in the measurement of this variable, its contribution to the latent variable is absolute and direct without comparison with other dimensions. In the context of structural modeling, a loading factor value of 1,000 indicates a functional identity between the dimension and its variables, where the organizational innovation variable conceptually and empirically depends entirely on the perception of the effectiveness of innovation as seen from concrete results, such as increased customer satisfaction and organizational competitiveness. This also indicates that in this study, the main focus in assessing organizational innovation is not on the innovation process itself, but on the results or impacts of innovation as perceived by employees and the organization. Therefore, understanding the effectiveness of innovation is central to assessing the level of organizational innovation. Thus, the perceived effectiveness of innovation is the only dimension that fully forms the organizational innovation variable, and a loading factor value of 1,000 reflects the absolute relationship between the two in the measurement model.

Competitive Advantage

Competitive advantage in the context of MSMEs refers to the ability of micro businesses to produce unique value that is not easily imitated by competitors, thus providing opportunities for these businesses to survive and grow amidst tight market competition. For MSMEs, competitive advantage is not solely determined by the assets or resources they have, but rather by the capacity to manage innovation, creativity, and the ability to adapt quickly to the dynamics of the business environment. The competitive advantage consists of five indicators, namely brand image, product quality, cost, production system, and economic scale. The five indicators are reduced to ten statement items used as measuring tools in this study.

The competitive advantage variable is dominated by the product quality dimension, which has a loading factor of 0.951. This indicates that product quality has the strongest contribution to forming a company's competitive advantage. The high loading factor value indicates that consumer or business actor perceptions of the quality of the products offered, both in terms of durability, uniqueness, and advantages over competitors, are very important in strengthening the company's competitive position in the market. The dominance of the product quality dimension also reflects that in the context of business competition, especially in industries based on creativity and skills, such as Sasirangan cloth, product quality is the main benchmark for success. Consumers tend to be more loyal and trust brands that can provide products that not only meet expectations but also excel in terms of value, aesthetics, and reliability. Therefore, a strategic focus on continuous quality improvement can make a significant contribution to achieving long-term competitive advantage. Thus, these results confirm that the company's efforts to maintain and improve product quality not only have an impact on customer satisfaction but also become the main foundation in creating sustainable competitive advantage amidst increasingly tight market competition.

Discussion of Research Hypothesis

Descriptively, the results of the study show a very positive perception from Sasirangan MSME actors in Banjarmasin City towards all variables studied. Based on the frequency analysis, each variable, namely Knowledge Management, Organizational Learning, Organizational Innovation, and Competitive Advantage, obtained an average value (grand mean) that categorized it as "Very Good". This indicates that respondents considered the implementation of the four aspects to be at a very good level in their business operations. This positive perception is a strong foundation for understanding the more complex relationships between variables in the research model.

In the discussion of the results of the hypothesis test, it was found that Knowledge Management has a positive and significant influence on Organizational Innovation. This means that the better the knowledge management practices implemented by Sasirangan UMKM, the higher the level of innovation produced. This finding is consistent with the literature stating that the ability of an organization to create, share, and utilize knowledge is the key to driving innovation. In addition, Organizational Learning also shows a positive and significant influence on Organizational Innovation, indicating that a strong learning culture within the organization strongly supports the creation of innovative ideas and processes.

One of the key findings in this study is the mediating role of Organizational Innovation. The results of the analysis show that Organizational Innovation significantly mediates the relationship between Knowledge Management and Competitive Advantage, as well as between Organizational Learning and Competitive Advantage. The direct effect of Knowledge Management and Organizational Learning on Competitive Advantage is not significant, but the indirect effect through Organizational Innovation is very significant. This means that Knowledge Management and Organizational Learning do not directly increase competitive advantage, but must go through the organizational innovation process first.

Furthermore, this finding underlines that to achieve a competitive advantage, Sasirangan MSMEs cannot rely solely on knowledge management and organizational learning. They must be able to transform knowledge and learning outcomes into innovation, both in terms of products, processes, and marketing. In other words, innovation functions as an important bridge connecting the organization's internal capacity (Knowledge Management and Organizational Learning) with external performance results (Competitive Advantage).

In the conclusion of the discussion of the research results, it was found that Organizational Innovation plays a crucial role in the research model. This study proves that although Knowledge Management and Organizational Learning are very important, their impact on competitive advantage is mostly realized through innovation. Therefore, for Sasirangan UMKM, investing in building a culture of innovation is a very effective strategic step to increase its competitiveness in the market. This finding provides clear practical implications for business owners to prioritize innovation efforts as an integral part of their growth strategy.

CONCLUSIONS

This study concludes several important findings regarding the relationship between variables in the context of Sasirangan MSMEs in Banjarmasin City. First, Knowledge Management and Organizational Learning significantly have a positive effect on Competitive Advantage. This

means that the better the management of knowledge and learning processes in the organization, the higher the competitive advantage that can be achieved by Sasirangan MSMEs. In addition, Knowledge Management and Organizational Learning were also found to have a significant effect on Organizational Innovation. This indicates that both factors are important drivers for the creation of innovation in MSMEs.

Organizational Innovation itself has a significant influence on Competitive Advantage, indicating that innovation is the key to achieving competitive advantage. Finally, Knowledge Management has also been shown to have a significant influence on Organizational Learning. Another crucial finding is the mediating role of Organizational Innovation. The results of the study show that Organizational Innovation significantly mediates the influence of Knowledge Management on Competitive Advantage, as well as mediates the influence of Organizational Learning on Competitive Advantage. This means that the positive effects of Knowledge Management and Organizational Learning on Competitive Advantage mostly occur through increased Organizational Innovation. The implication is that Sasirangan UMKM needs to prioritize the development of knowledge management and organizational learning to encourage innovation, which will ultimately strengthen its competitive position in the market. This finding emphasizes the importance of synergy between knowledge management, learning, and innovation as a comprehensive strategy to achieve sustainable competitive advantage.

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