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An Explanatory Model Competitive Advantage Based on Innovation Capability Among Culinary MSMEs in Jombang

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Abstract: Culinary MSMEs compete in markets where products are easily imitated, yet it is still unclear how the knowledge-related capabilities of owners and employees turn into competitive advantage in this sector. Earlier studies mostly examine organizational learning or knowledge sharing separately, treat innovation as an outcome rather than as a mechanism, and rarely address culinary MSMEs outside large urban centers. This study develops and tests an explanatory model in which organizational learning and knowledge sharing affect competitive advantage both directly and through innovation capability. A quantitative explanatory design was applied to a survey of 140 owners/managers of culinary MSMEs in Jombang Regency, and the data were analyzed with PLS-SEM. The measurement and structural models were adequate and all hypotheses were supported. Both capabilities strengthened innovation capability, organizational learning more strongly, and innovation capability was the strongest predictor of competitive advantage. Innovation capability partially mediated the effects of both capabilities, indicating that knowledge resources deliver their full advantage only when they are converted into innovation. The study extends entrepreneurial human resource management and competitive advantage research to micro and small enterprises, and it advises owners to direct learning routines and knowledge-sharing forums toward product, packaging, and digital marketing innovation.

Kata Kunci:
Keunggulan Kompetitif; Kemampuan Berinovasi; Berbagi Pengetahuan; UMKM; Pembelajaran Organisasi

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Abstrak: *UMKM kuliner bersaing di pasar yang produknya mudah ditiru, tetapi belum jelas bagaimana kemampuan berbasis pengetahuan para pemilik dan karyawan berubah menjadi keunggulan kompetitif di sektor ini. Penelitian terdahulu umumnya menelaah pembelajaran organisasi atau berbagi pengetahuan secara terpisah, memperlakukan inovasi sebagai hasil dan bukan sebagai mekanisme, serta jarang membahas UMKM kuliner di luar pusat perkotaan besar. Penelitian ini mengembangkan dan menguji model eksplanatori yang menempatkan pembelajaran organisasi dan berbagi pengetahuan sebagai penentu keunggulan kompetitif, baik secara langsung maupun melalui kemampuan inovasi. Desain eksplanatori kuantitatif diterapkan pada survei terhadap 140 pemilik/manajer UMKM kuliner di Kabupaten Jombang, dan data dianalisis dengan PLS-SEM. Model pengukuran dan model struktural memadai, serta seluruh hipotesis didukung. Kedua kemampuan tersebut memperkuat kemampuan inovasi, dengan pembelajaran organisasi berpengaruh lebih kuat, dan kemampuan inovasi menjadi prediktor terkuat keunggulan kompetitif. Kemampuan inovasi memediasi secara parsial pengaruh kedua kemampuan tersebut, sehingga sumber daya pengetahuan memberikan keunggulan yang utuh hanya apabila diubah menjadi inovasi. Penelitian ini memperluas kajian manajemen sumber daya manusia kewirausahaan dan*

keunggulan kompetitif ke usaha mikro dan kecil, serta menyarankan pemilik usaha mengarahkan rutinitas pembelajaran dan forum berbagi pengetahuan pada inovasi produk, kemasan, dan pemasaran digital.

INTRODUCTION

Micro, small, and medium enterprises (MSMEs) are a driver of regional economies. MSMEs contribute 23.65% of East Java's gross regional domestic product (BPS Jawa Timur, 2026), and in Jombang Regency, the manufacturing sector, which includes food and beverage processing, accounts for 22.24% of the regional economy, second only to trade (BPS Kabupaten Jombang, 2025). Culinary MSMEs, that is, small businesses that process and sell food and beverages, are one of the dominant types of businesses in this sector.

Culinary MSMEs, however, face limitations in finance, human resources, marketing, and management, together with limited capacity for product and packaging innovation and digital adoption (Anatan & Nur, 2023; Maulana, 2024; Purnomo et al., 2024). Because culinary products are easily imitated and preferences shift quickly, competitive advantage is critical and must be built through strategy, innovation, and distinctive value (Farida & Setiawan, 2022; Sutrisno et al., 2024). Because micro and small culinary businesses rarely compete on capital or scale, the knowledge and capabilities of owners and employees become their main strategic resource (Martínez-Peláez et al., 2023). Two people-based capabilities are repeatedly proposed: organizational learning, which helps firms recognize change, absorb experience, and adjust practices (Dukhaykh & Alangri, 2026), and knowledge sharing, which moves knowledge from individuals to the organization and has been linked to innovation in food-processing SMEs (Sudarti & Dewi, 2023). Innovation capability is widely seen as the mechanism that converts such resources into advantage (Saunila, 2020; Teece, 2007).

Despite this evidence, three gaps remain. First, organizational learning and knowledge sharing are usually studied separately: studies on learning emphasize adaptation and competitiveness (Dukhaykh & Alangri, 2026; Tu & Wu, 2021), whereas studies on knowledge sharing emphasize innovation culture, marketing performance, and sustainable advantage (Arsawan et al., 2022; Ratulian et al., 2024; Sudarti & Dewi, 2023). Few studies estimate both together, so their relative contribution is unclear. Second, innovation capability is often treated as an outcome or examined for a single antecedent, so how far it carries the effect of each capability remains unexplored. Third, the evidence comes mostly from exporting or manufacturing SMEs, e-commerce firms, and digital settings (Aljuboori et al., 2022; Arsawan et al., 2022; Giang et al., 2025); culinary MSMEs outside large urban centers, where know-how is tacit and concentrated in the owner, have received little attention.

A model that tests these relationships together matters for culinary MSMEs in Jombang for three reasons. First, recipes and production know-how are often held by the owner or a few key employees and rarely documented, so the knowledge base is fragile unless it is learned, shared, and renewed. Second, owners and support agencies such as the Cooperative and MSME Agency have limited funds and must decide which capability to build first and whether its benefits reach the market through innovation. Third, an advantage embedded in routines and shared knowledge is harder to copy than one that depends on one person's skill.

This study therefore aims to (1) test the direct effects of organizational learning and knowledge sharing on competitive advantage; (2) test their effects on innovation capability; (3) test the effect of innovation capability on competitive advantage; and (4) test the mediating role of innovation capability in these effects among culinary MSMEs in Jombang Regency. The study contributes a simultaneous, mediation-based test of two people-based capabilities in an under-researched setting.

From a resource-based perspective, a learning system built on embedded routines, empowered employees, and supportive leaders creates a firm-specific knowledge base that competitors cannot easily copy (Barney, 1991; Dukhaykh & Alangri, 2026; Tu & Wu, 2021; Salsabila et al., 2025). The knowledge-based view adds that knowledge becomes a source of advantage when it is embedded in the organization rather than held by individuals (Grant, 1996);

shared recipe and production knowledge reduces dependence on one person and is harder to replicate, as found for exporting SMEs in Bali (Arsawan et al., 2022) and MSMEs in Yogyakarta (Ratulian et al., 2024).

Absorptive-capacity theory explains that firms able to recognize, assimilate, and apply new knowledge are better placed to innovate (Cohen & Levinthal, 1990). Organizational learning promotes innovation (Jiménez-Jiménez & Sanz-Valle, 2011; Awad & Martín-Rojas, 2024) and is regarded as an antecedent of SME innovation capability (Saunila, 2020). New knowledge is created through the interaction of tacit and explicit knowledge (Nonaka, 1994), and knowledge sharing affects the speed and quality of innovation (Wang & Wang, 2012; Dong et al., 2023; Hock-Doepgen et al., 2021), including product innovation capability in food-processing SMEs (Sudarti & Dewi, 2023). Under the dynamic-capabilities view, the ability to seize opportunities and reconfigure resources through innovation determines sustained superior performance (Teece et al., 1997; Teece, 2007), and innovation capability has a positive effect on MSME competitiveness (Vidyanata et al., 2023; Farida & Setiawan, 2022).

If innovation capability converts knowledge into advantage, the effects of learning and knowledge sharing should operate at least partly through it. Innovation capability mediates the link between knowledge-based resources and performance in Malaysian manufacturing SMEs (Aljuboori et al., 2022) and e-commerce SMEs (Giang et al., 2025), and innovation culture and product innovation capability mediate the effects of knowledge sharing (Ratulian et al., 2024; Sudarti & Dewi, 2023).

H1: Organizational learning has a positive effect on competitive advantage.
H2: Knowledge sharing has a positive effect on competitive advantage.
H3: Organizational learning has a positive effect on innovation capability.
H4: Knowledge sharing has a positive effect on innovation capability.
H5: Innovation capability has a positive effect on competitive advantage.
H6:Innovation capability mediates the effect of organizational learning on competitive advantage.
H7: Innovation capability mediates the effect of knowledge sharing on competitive advantage.

METHOD

This study uses a quantitative explanatory design to explain causal relationships among an independent variable, a mediating variable, and a dependent variable (Creswell & Creswell, 2017). It was conducted in Jombang Regency, East Java, among owners/managers of culinary MSMEs that are actively producing and/or marketing products. Jombang was chosen because food-processing businesses are one of its dominant and steadily growing sectors, yet still face limits in building competitive advantage through digital technology (BPS Kabupaten Jombang, 2025). Figure 1 presents the conceptual model: organizational learning (X1) and knowledge sharing (X2) affect competitive advantage (Y) directly (H1 and H2) and through innovation capability (M) (H3 to H7).

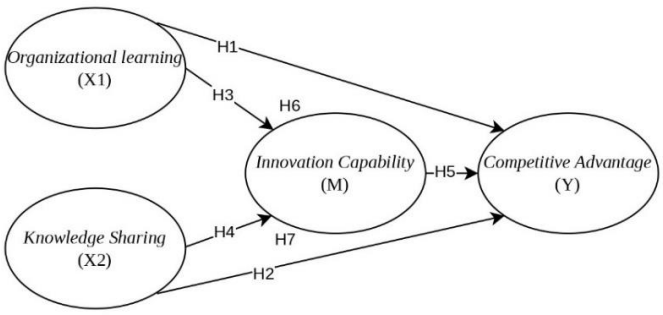


Figure 1. Conceptual Model of the Study
Source: Compiled by the researcher (2026)

The population consists of culinary MSME operators in Jombang Regency registered with or assisted by the Cooperative and MSME Agency. The minimum sample size follows the Lemeshow formula for a large or unspecified population, $n = Z^2 \cdot P(1 - P)/d^2$, with $Z = 1.96$ (95% confidence), $P = 0.50$ (maximum variability when the true proportion is unknown), and $d = 0.10$, giving 96.04, rounded up to 97 respondents (Lemeshow et al., 1990). It suits this study because no prior estimate of the proportion existed and the active operators could not be verified from a complete sampling frame. Because it assumes probability sampling, it only sets the minimum sample size; respondents were selected purposively, as they needed first-hand knowledge of learning, sharing, and innovation in the business.

The 140 respondents were selected in four steps. First, the sampling frame was formed from culinary MSMEs under the Cooperative and MSME Agency in the culinary centers of Jombang. Second, businesses were screened with four criteria: (1) operating under the agency; (2) operating for at least one year; (3) having at least one employee, so that knowledge sharing is possible; and (4) using digital technology in operations. Third, the questionnaire was given to one owner or manager per eligible business. Fourth, collection continued until 140 complete questionnaires were obtained, above the minimum of 97 and the about 103 cases a power analysis requires (multiple regression, three predictors, 80% power, $R^2 = 0.10$), although the small direct effects have less power.

Primary data were collected with a five-point Likert questionnaire (1 = strongly disagree to 5 = strongly agree). The 31 items measure four reflective constructs, each defined operationally and measured through indicators adapted from earlier studies (Table 1). Competitive advantage and organizational learning follow Salsabila et al. (2025), with the learning indicators corresponding to the organization-level dimensions of Marsick and Watkins (2003); knowledge sharing follows the donating and collecting dimensions of van den Hooff and de Ridder (2004); and innovation capability follows Ng et al. (2020). Each indicator has two items (three for innovation capability).

Table 1. Operational Definitions, Indicators, and Sources of the Variables

Variable	Operational definition	Indicators	Source
Competitive advantage (Y) 10 items	The extent to which the business is perceived by its owner/manager to deliver greater value than competing culinary businesses.	Brand image Product quality Cost Production system Economic scale	Salsabila et al. (2025)
Organizational learning (X1) 8 items	The extent to which the business has systems and leadership practices for acquiring, sharing, and using knowledge in order to adapt.	Integrated system Empowerment System relationship Strategic leadership	Salsabila et al. (2025); Marsick & Watkins (2003)
Knowledge sharing (X2) 4 items	The extent to which owners, managers, and employees give their knowledge to others and seek knowledge from others.	Donating Collecting	van den Hooff & de Ridder (2004)
Innovation capability (M) 9 items	The ability of the business to develop and implement new or improved products, processes, and ideas.	Product Process Behavior	Ng et al. (2020)

Source: Compiled by the researcher (2026)

Data were analyzed with PLS-SEM in SmartPLS 4. PLS-SEM was chosen because the model combines four constructs, 31 indicators, and two mediation paths estimated simultaneously; the data are not normally distributed, the sample is moderate (140), and the method is oriented toward explaining the variance of target constructs, which suits theory building (Hair et al., 2019). Analysis followed three stages. (1) The measurement model was evaluated

using outer loadings ≥ 0.708 (indicators between 0.40 and 0.708 are examined for retention), Cronbach's α and composite reliability (CR) between 0.70 and 0.95, average variance extracted (AVE) ≥ 0.50, the Fornell-Larcker criterion (Fornell & Larcker, 1981), and the heterotrait-monotrait ratio (HTMT) < 0.90 (Henseler et al., 2015). (2) The structural model was evaluated using inner VIF, R^2, f^2, and model fit (SRMR < 0.08; NFI). R^2 values of 0.25, 0.50, and 0.75 and f^2 values of 0.02, 0.15, and 0.35 are treated as indicative benchmarks (Hair et al., 2022) and interpreted in context rather than by thresholds alone. (3) Hypotheses were tested by bootstrapping with 5,000 resamples, two-tailed tests, $p < 0.05$, and bias-corrected accelerated confidence intervals. Mediation was tested through the specific indirect effect (a × b) from the same run. Following Zhao et al. (2010), mediation requires a significant indirect effect; it is complementary (partial) if the direct effect is also significant with the same sign, competitive if the sign is opposite, and indirect-only (full) if the direct effect is not significant. VAF (indirect/total effect) is reported only descriptively (Hair et al., 2022).

RESULTS AND DISCUSSION

The analysis used data from 140 owners/managers of culinary MSMEs. Results are presented in three stages: evaluation of the measurement model (reliability and validity), evaluation of the structural model, and hypothesis testing.

Evaluation of Measurement Models (*Outer Model*)

The measurement model comprises four reflective constructs with 31 items: organizational learning (8 indicators), knowledge sharing (4), innovation capability (9), and competitive advantage (10). Figure 2 shows that outer loadings range from 0.665 to 0.896. Thirty items exceed 0.708, and only one knowledge sharing indicator (KS2.2, collecting knowledge) falls below it, at 0.665.

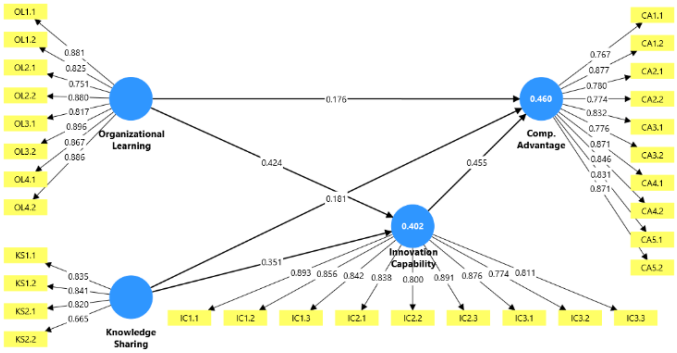


Figure 2. Results of the Measurement Model Test (Outer Loading)
Source: Primary data analyzed by researcher (2026)

KS2.2 was retained for three reasons. First, indicators with loadings between 0.40 and 0.708 should be removed only if deletion raises CR or AVE above its threshold (Hair et al., 2022), and both already exceed it (AVE = 0.629; CR = 0.871); deleting KS2.2 would raise AVE to about 0.69 but leave CR unchanged. The indicator is also significant ($p < 0.001$). Second, knowledge sharing has two components, donating (KS1.1–KS1.2) and collecting (KS2.1–KS2.2); deletion would leave collecting with one item and weaken content validity. Third, the construct has only four indicators. Knowledge sharing is therefore measured with somewhat more error, which can attenuate its coefficients, so its weaker position relative to organizational learning should be read with this in mind; the item should be revised in future research.

All four constructs are reliable (Table 2): Cronbach's α ranges from 0.868 to 0.956 and CR from 0.871 to 0.957, above 0.70 (Hair et al., 2019).

Table 2. Results of the Reliability and Convergent Validity Evaluation

Construct	Items	Outer loading range	Cronbach's α	CR	AVE	Description
Competitive advantage (Y)	10	0.767–0.877	0.954	0.955	0.677	Reliable, valid
Organizational learning (X1)	8	0.751–0.896	0.954	0.955	0.726	Reliable, valid
Knowledge sharing (X2)	4	0.665–0.841	0.868	0.871	0.629	Reliable, valid
Innovation capability (M)	9	0.774–0.893	0.956	0.957	0.711	Reliable, valid

Source: Primary data processed by the researcher (2026)

CR for organizational learning (0.955), innovation capability (0.957), and competitive advantage (0.955) slightly exceeds 0.95, which may signal redundant items (Hair et al., 2022). Redundancy appears limited: no outer loading exceeds 0.90; with 8 to 10 items, an average loading of about 0.84 is enough to push CR above 0.95; and items were written for different indicators, while HTMT values of 0.670 or lower show that the constructs are distinct. Inter-item correlations were not examined, so overlap cannot be excluded; all items were retained.

Convergent validity is met: AVE ranges from 0.629 to 0.726 (Table 2), above 0.50. Discriminant validity is also met. HTMT values (Table 3) range from 0.372 (organizational learning and knowledge sharing, the most distinct pair) to 0.670 (innovation capability and competitive advantage, the closest pair), well below 0.90, and the square root of each AVE (0.793–0.852) exceeds the construct's correlations with the others, the highest being 0.640 (Fornell-Larcker criterion). The measurement model is suitable for structural analysis.

Table 3. Discriminant Validity Based on the Heterotrait-Monotrait Ratio (HTMT)

Construct	Competitive advantage	Innovation capability	Knowledge sharing	Organizational learning
Competitive advantage				
Innovation capability	**0.670**			
Knowledge sharing	0.515	**0.542**		
Organizational learning	0.503	0.568	**0.372**	

Source: Primary data processed by the researcher (2026)

Structural Model Evaluation (*Inner Model*)

Collinearity is not a concern: inner VIF values range from 1.12 to 1.67, well below 3. Model fit is adequate. SRMR is 0.054, below 0.08 (d_ULS = 1.439; d_G = 0.772; chi-square = 570.928). NFI (0.855) is slightly below 0.90, but it is not a primary criterion in PLS-SEM (Hair et al., 2022). Saturated and estimated models are identical because every pair of constructs is connected, so fit is read together with R^2 and effect sizes.

Organizational learning and knowledge sharing explain 40.2% of the variance in innovation capability (adjusted $R^2 = 0.394$), and together with innovation capability 46.0% of the variance in competitive advantage (adjusted $R^2 = 0.448$); both lie between the weak (0.25) and moderate (0.50) benchmarks. In practical terms, about two-fifths of the differences in innovation capability among culinary MSMEs relate to learning and knowledge sharing; the rest reflects factors outside the model, such as owner creativity, access to capital, price, location, and taste. PLS-predict was not assessed.

Effect sizes (Table 4) are medium for organizational learning → innovation capability ($f^2 = 0.268$), innovation capability → competitive advantage (0.229), and knowledge sharing → innovation capability (0.184), and small for the direct effects of knowledge sharing (0.046) and organizational learning (0.040) on competitive advantage. Removing innovation capability would lower the R^2 of competitive advantage from 0.460 to about 0.336, whereas removing either direct path would lower it by only 2 to 2.5 points. Innovation capability is the largest unique contributor, and learning and sharing contribute mainly by building it.

Table 4. Effect Size (f^2)

Path	f^2	Category
Organizational learning → Innovation capability	0.268	Medium
Innovation capability → Competitive advantage	0.229	Medium
Knowledge sharing → Innovation capability	0.184	Medium
Knowledge sharing → Competitive advantage	0.046	Small
Organizational learning → Competitive advantage	0.040	Small

Source: Primary data processed by the researcher (2026)

Hypothesis Testing

Hypotheses were tested by bootstrapping (Figure 3). Organizational learning has a positive and significant effect on competitive advantage (β = 0.176; p = 0.013; Table 5), so H1 is accepted. Knowledge sharing also has a positive and significant effect (β = 0.181; p = 0.018), so H2 is accepted. Organizational learning (β = 0.424; t = 6.042; p < 0.001) and knowledge sharing (β = 0.351; t = 5.086; p < 0.001) both have positive and significant effects on innovation capability, so H3 and H4 are accepted, with organizational learning the stronger driver. Innovation capability has a positive and significant effect on competitive advantage (β = 0.455; t = 6.124; p < 0.001), so H5 is accepted; this is the strongest path in the model.

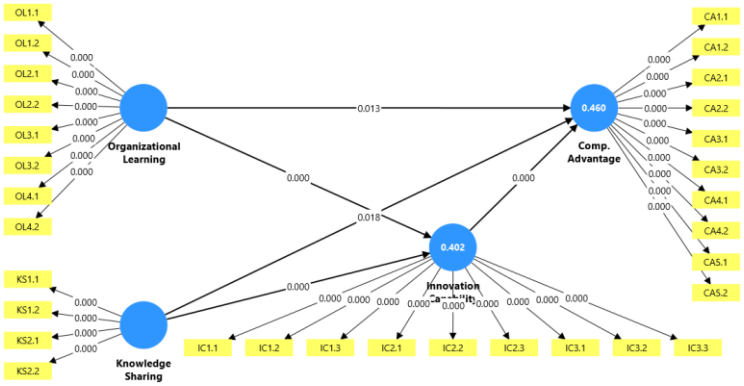


Figure 3. Bootstrapping Test (*p*-values)
Source: Primary data processed by the researcher (2026)

Table 5. Results of the Direct Effect Test

Hypothesis	Path	β	*p*	Decision
H1	Organizational learning → Competitive advantage	0.176	0.013	Accepted
H2	Knowledge sharing → Competitive advantage	0.181	0.018	Accepted
H3	Organizational learning → Innovation capability	0.424	< 0.001	Accepted
H4	Knowledge sharing → Innovation capability	0.351	< 0.001	Accepted
H5	Innovation capability → Competitive advantage	0.455	< 0.001	Accepted

Source: Primary data processed by the researcher (2026)

Innovation capability mediates the effect of organizational learning on competitive advantage (indirect β = 0.193; t = 4.188; p < 0.001), so H6 is accepted. It also mediates the effect of knowledge sharing (indirect β = 0.160; t = 3.759; p < 0.001), so H7 is accepted. In both cases, the indirect and direct effects are significant and positive, so the mediation is complementary (partial) (Zhao et al., 2010). The indirect effect accounts for 52.3% of the total effect of organizational learning (β = 0.369; t = 4.855) and 46.9% of that of knowledge sharing (β = 0.341;

t = 4.386), so about half of the effect of each capability is transmitted through innovation capability (Table 6).

Table 6. Mediation Test Results

Hypothesis	Path	Direct (β)	Indirect (β)	*t*	*p*	Total (β)	VAF (%)	Mediation type
H6	Organizational Learning →Innov. Capability →Comp. Advantage	0.176 (0.013)	0.193	4.188	< 0.001	0.369	52.3	partial
H7	Knowledge Sharing → Innov. Capability → Comp. Advantage	0.181 (0.018)	0.160	3.759	< 0.001	0.341	46.9	partial

Source: Primary data processed by the researcher (2026)

The findings support all seven hypotheses: organizational learning and knowledge sharing contribute to the competitive advantage of culinary MSMEs, and about half of their contribution passes through innovation capability. From the perspective of entrepreneurial human resource management, this confirms that the capabilities of owners, managers, and employees, not only capital and technology, are strategic resources of MSMEs.

Learning, Knowledge Sharing, and Innovation Capability

Organizational learning (β = 0.424; f^2 = 0.268) and knowledge sharing (β = 0.351; f^2 = 0.184) both strengthen innovation capability. The learning result agrees with Jiménez-Jiménez and Sanz-Valle (2011), Awad and Martín-Rojas (2024), and Dukhaykh and Alangri (2026), and the knowledge sharing result with Wang and Wang (2012), Dong et al. (2023), and Sudarti and Dewi (2023). Both fit the absorptive-capacity argument (Cohen & Levinthal, 1990) and knowledge-creation theory (Nonaka, 1994). In culinary MSMEs, learning appears as trying new flavors and packaging, reading customer feedback online, and reviewing sales with employees.

Why is the effect of organizational learning stronger? The difference is modest and not formally tested, so these explanations are suggestive. First, sharing circulates knowledge the business already holds, whereas learning also brings in new knowledge from customers, suppliers, and platforms; in small businesses sharing alone mostly recombines what is known (Cohen & Levinthal, 1990). Second, organizational learning as measured here includes integrated systems, empowerment, and strategic leadership, which turn knowledge into decisions and give the authority to experiment (Marsick & Watkins, 2003). Third, in owner-centered businesses sharing is often informal and voluntary (Wang & Noe, 2010), whereas owner-led learning routines tend to be more consistent. Measurement error in the four-item knowledge sharing scale (KS2.2) may also have reduced its estimated effect.

Innovation Capability, Direct Effects, and Partial Mediation

Innovation capability is the strongest path to competitive advantage (β = 0.455; f^2 = 0.229). This supports the view that innovation capability is a dynamic capability that transforms knowledge into differentiation (Teece et al., 1997; Teece, 2007) and agrees with Vidyanata et al. (2023), Saunila (2020), Farida and Setiawan (2022), and Rahman et al. (2025). Where any single menu item or package can be copied, the ability to keep innovating sustains advantage.

Partial mediation has two implications. First, learning and knowledge sharing keep small but significant direct effects (β = 0.176 and 0.181), so their benefits do not depend entirely on innovation: they can improve consistency of quality, reduce waste, and speed up customer response without a new product (Farida & Setiawan, 2022). Second, about half of the total effects (52.3% and 46.9%) flow through innovation capability, so knowledge not converted into innovation yields limited advantage. The larger indirect effect of organizational learning (0.193 versus 0.160) reflects its stronger link to innovation capability, not a more efficient conversion into advantage. Other mediators, such as innovation culture (Ratulian et al., 2024) and digital capability (Yutika & Forever, 2025), may also be at work.

Theoretical Contribution

This study contributes in three ways. First, for entrepreneurial human resource management, it shows that in micro and small businesses without formal HR systems, the learning and knowledge-sharing capabilities of owners and employees are measurable, consequential, and work mainly by building innovation capability, and that learning, the more structural capability, outweighs knowledge sharing, which is behavioral. Second, for competitive advantage theory, complementary partial mediation shows that knowledge works through a direct, resource-based route and an indirect, dynamic-capability route through innovation, so the resource-based claim is incomplete for MSMEs: about half of the effect appears only after knowledge becomes innovation. Third, the study provides boundary evidence from culinary MSMEs in a regional center.

Practical Implications

The results suggest concrete actions for owners. For product experimentation, run a monthly trial of one or two new flavors or menu variants in limited batches sold through pre-orders or social media polls, record taste feedback and cost per portion, and scale or drop each variant. For employee knowledge sharing, hold a 15 to 30 minute weekly briefing on customer comments and production problems, document recipes and procedures in writing, photos, or short videos, cross-train staff so knowledge does not rest on one person, and recognize useful ideas with small incentives (Wang & Noe, 2010). For packaging innovation, test alternative materials, portion sizes, and labels for shelf life and delivery durability, and compare added cost with added sales. For digital marketing, use reviews and platform statistics to choose which products to promote and track orders and repeat purchases monthly. Because learning has a stronger effect on innovation capability, owners should start with learning routines. For the Cooperative and MSME Agency, assistance should go beyond technical training to product-development and packaging clinics, peer communities, and digital marketing mentoring, evaluated by innovation outputs rather than training attendance.

CONCLUSION

This study aimed to explain how organizational learning and knowledge sharing affect the competitive advantage of culinary MSMEs in Jombang, with innovation capability as a mediator. All seven hypotheses were supported. Both capabilities have a positive effect on competitive advantage (H1, H2) and on innovation capability (H3, H4), with organizational learning the stronger driver of innovation capability. Innovation capability has the strongest effect on competitive advantage (H5) and partially mediates the effects of both capabilities (H6, H7), carrying about half of each total effect. The model explains 46.0% of the variance in competitive advantage.

In micro and small businesses, people-based capabilities create advantage through a direct route and an indirect route through innovation capability, which extends entrepreneurial human resource management and links the resource-based and dynamic-capabilities views. Owners should run learning routines (product trials, feedback review) and knowledge-sharing activities (staff briefings, recipe documentation) aimed at product, packaging, and digital marketing innovation, and the Cooperative and MSME Agency should judge its assistance by innovation outputs.

The study relies on self-reported perceptions from one respondent per business, uses purposive sampling in a single regency, and did not test common method bias (Podsakoff et al., 2003), so causal and generalizable claims are limited. NFI is below the conventional level, KS2.2 has a low loading, and CR above 0.95 suggests possible item overlap. Future studies should use longitudinal or mixed-methods designs, wider coverage, predictive assessment, and additional mediators such as innovation culture, digital capability, and entrepreneurial orientation.

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