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Enhancing competitive advantage through knowledge sharing, absorptive capacity, and innovation capability



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ABSTRACT

11

This study analyzes the relationship between knowledge sharing, absorptive capacity, and innovation ability to competitive advantage in Cafe and Modern Restaurant in Yogyakarta, Indonesia. This study is designed as a quantitative study with primary data obtained through the distribution of questionnaires. The population in this study was 1056 modern cafes and restaurants in Yogyakarta. Purposive sampling was conducted, and a sample of 213 respondents was selected from 89 modern cafes and restaurants in Yogyakarta that have adopted digital and have more than 500 Instagram followers. This study limits the sample to three positions: owner, manager, and supervisor. The data collected were analyzed using the structural equation model method using AMOS 24 software. This study indicates that knowledge sharing is an essential factor in increasing innovation ability and has been shown to significantly affect absorptive capacity and competitive advantage. This research also shows that innovation and absorptive capacity positively affect competitive advantage. The study results may help managers or owners of café and modern restaurants in Yogyakarta improve and develop innovation and competitive advantage in café and modern restaurants through knowledge sharing and absorptive capacity.

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Introduction

The development of the culinary industry in Indonesia always increases from year to year. The percentage increase in the culinary sector also always increases, although it fell drastically in 2020 due to the COVID-19 pandemic. The food industry during this pandemic experienced a rise of only 3.06%, smaller than 8% in 2019 and 7.91% in 2018 (Ministry of Industry, 2020). In 2020 the percentage increase in the culinary industry will be smaller than in previous years. However, this is quite something to be proud of in the culinary industry. When most industries experienced a decline due to the pandemic, the culinary industry was still experiencing an increase (Ministry of Industry, 2020).

The culinary sector contributes quite a lot to Yogyakarta's GDP. The culinary industry is one of the most significant contributors to GDP compared to other industries (BPS Yogyakarta, 2020). Of the several culinary enterprises, the business sector that enlivens the culinary industry in Yogyakarta is cafes and modern restaurants, with a number spread across Yogyakarta of 1,056 units of modern restaurants or cafes and 1,037 restaurants (Bappeda Yogyakarta, 2020).

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On the other hand, the rise of business and business investment in the cafe and restaurant sector has led to increasingly fierce business competition in the culinary industry. Another challenge that must be faced is the emergence of a new lifestyle due to the outbreak of the COVID-19 virus, where people are advised not to leave their homes and government regulations that limit culinary business operations. These challenges require culinary business players to develop their competitiveness and gain market share constantly. Therefore, for companies to survive in increasingly fierce competition, an excellent competitive advantage is needed (Arsawan et al., 2020).

Competitive advantage is an essential aspect for the company. Without a competitive advantage, the company's market share and existence will decrease. The key in establishing competitive advantage is the value and quality of the company's resources in shaping products and services. There are many resources owned by the company, one of the most important is human resources. The value of human resources is always related to knowledge, skills, and experience. Competitive advantage will be formed (Lo & Tian, 2020; Than et al., 2019).

The importance of human resources in increasing competitive advantage is evidenced by the existence of variables related to human resources that can boost competitive advantage, namely knowledge sharing. Knowledge sharing is an essential variable for companies in this dynamic era. Rapid changes in the business climate, competition, and market require companies to share information and knowledge among employees and even with competitors (Eidizadeh, 2017; Arsawan et al. 2020; Than et al. 2019; Lo & Tian, 2020).

In addition to knowledge sharing, the company can also be pursued increased competitive advantage through absorptive capacity. Absorptive capacity can significantly affect competitive advantage in several industries such as education, manufacturing, and food. Absorptive capacity can also be developed and adapted to technological advances so that it is also analyzed cloud-based absorptive capacity and it is found that cloud absorptive capacity has a positive effect on the company's competitive advantage (Pangarso et al. 2020; Chang et al. 2019; Liao et al. 2017; Lo & Tian, 2020).

On the other hand, the company can also increase its competitive advantage through good innovation capabilities. Companies with good innovation skills will maintain optimal performance even during a recession due to the pandemic. With high innovation ability, it will have a significant impact on increasing the company's competitiveness so that the company's performance will improve (Puspita et al. 2020; Ferreira et al. 2020; Aziz & Samad 2016; Anjaningrum & Rudamaga 2019; Nafiu et al. 2020; Lo & Tian, 2020).

Based on previous literature searches, it can be concluded that increasing the company's competitive advantage can be achieved by supporting several variables, including knowledge sharing, absorptive capacity, and innovation ability. Previous researchers still rarely analyze the concept of the relationship between some of these variables, so it is more interesting to be analyzed and discussed further (Lo & Tian, 2020; Kurniawan et al., 2020; Le & Lei, 2019). Therefore, this study investigates the effect of knowledge sharing, absorptive capacity, and innovation ability in increasing the company's competitive advantage. This study used primary data from 213 respondents that have a position as owner, manager, and supervisor of 89 cafes and modern restaurants. Cafes and modern restaurants have adopted digital and have more than 500 Instagram followers. The data in this study is obtained by distributing questionnaires. The questionnaire is a close question and uses a 5 Likert scale. The data of this study analysis with structural equation model (SEM) method using AMOS 24 software

This research provides novelty in using two dimensions of knowledge sharing: donating and collecting and analyzing their relationship with a competitive advantage. Another novelty this research offers is related to research subjects from previous research, namely employees of modern cafes and restaurants in Yogyakarta during the COVID-19 pandemic.

The remainder of this paper is organized as follows. The following section presents the theoretical background of the study. Then, the conceptual knowledge, including the research hypotheses and the research model, is introduced in the next section. The subsequent section presents the study's research method. At the same time, the following section illustrates key findings and a discussion of the study's contributions. The final section offers a conclusion, managerial implications and provides limitations and suggestions for future research.

Literature Review

Theoretical and Hypotheses Development

Knowledge sharing and Innovation ability

Knowledge sharing is a process, procedure, and even a system that can regulate and move employees in an organization to be willing and able to share information, knowledge, skills, and experiences to improve organizational performance. The innovation capability is the ability of a company to create and implement new ideas related to business development until it is successful.

One of the essential roles of knowledge sharing is increasing innovation capability (Lo & Tian, 2020; Kurniawan et al., 2020; Ganguly et al. 2020; Le & Lei, 2019; Lam et al. 2021). The importance of knowledge management was also highlighted by research on 97 pharmaceutical industry employees in India regarding knowledge quality, explicit and implicit knowledge sharing, and innovation capabilities. The analysis results show that knowledge quality and detailed and tacit knowledge sharing significance affect the innovation ability of pharmaceutical companies in India (Ganguly et al. 2020).

The opposite finding was found in an empirical study of employees of telecommunications companies in Vietnam, which found that not all aspects of knowledge sharing significantly affected innovation ability. Knowledge collecting was found to have no significant effect on innovating both products and processes. Still, knowledge collecting had a substantial impact on the power of managerial innovation. Meanwhile, knowledge donating significance affects the ability of development and organizational innovation but does not significantly affect the ability of process innovation. (Nham et al. 2020).

The study was conducted on 150 creative industry owners and employees in Pekalongan, Cirebon, and Yogyakarta. It was found that knowledge sharing has a positive and significant effect on absorptive capacity and ambidexterity. Absorptive capacity and ambidexterity have a positive and significant impact on innovation ability. This study also found that innovation ability significantly affects quality performance (Kurniawan et al. 2020). Therefore, the following hypothesis is formulated:

H1: Knowledge sharing has a positive and significant effect on innovation ability.

Knowledge Sharing and Absorptive Capacity

Knowledge sharing is a process for exchanging skills, experiences, and knowledge, both explicit and implicit, among employees in an organization (Janus, 2016). Nham et al. (2020) stated that knowledge sharing is broader than transferring common knowledge. Knowledge sharing has more meaning as a procedure or social interaction to exchange knowledge.

While Absorptive capacity is the ability of the organization to acquire, assimilate and then exploit information to improve company performance (Sripada, 2020). Song et al. (2020) define absorptive capacity as an organizational activity that integrates and utilizes knowledge to enhance company performance.

The role of knowledge sharing is comprehensive, increasing innovation ability and increasing absorptive capacity (Balle et al. 2020; Rafique et al. 2018; Song et al. 2020; Lo & Tian, 2020; Kurniawan et al. 2020). Balle et al. (2020) stated that the knowledge sharing dimension consists of donating and collecting, while the absorptive capacity dimension consists of the acquisition, assimilation, transformation, and exploration.

Research conducted on 479 employees from software development teams in Brazil and Portugal found that knowledge sharing, donating and collecting, had a positive and significant impact on the dimensions of absorptive capacity consisting of acquisition, assimilation, transformation, and exploration (Balle et al. 2020). The research conducted on 247 senior employees of manufacturing companies in China used the concept of environmental-based knowledge sharing or what can be called green knowledge sharing. Analysis related to green knowledge sharing found that green knowledge sharing significance affected absorptive capacity, and absorptive capacity positively affected green innovation (Song et al. 2020). Therefore, the following hypothesis is formulated:

H2: Knowledge sharing has a positive and significant effect on absorptive capacity.

Knowledge sharing and Competitive Advantage

Competitive advantage is the competence of an organization that can produce better performance than competitors in the industry (Godfrey et al. 2020). Meanwhile, Anwar (2018) describes competitive advantage as a company's strategic advantage to outperform other companies in one sector. Therefore, the authors conclude that competitive advantage is an organization's ability to grow competencies and strategies to produce better performance than competitors in the same industry.

Several previous studies have found that knowledge sharing affects competitive advantage (Eidizadeh, 2017; Arsawan et al., 2020; Than et al., 2019; Lo & Tian, 2020). The role of knowledge sharing in increasing the competitive advantage of companies is proven in empirical research on 213 specialist employees and managers in Iran. This study indicates that knowledge sharing can positively and significantly affect the company's competitive advantage (Eidizadeh, 2017).

Another empirical study conducted on 295 employees in Bali who are engaged in exports found that knowledge sharing has a positive effect on innovation culture and sustainable competitive advantage. This study indicates that companies must be able to grow and develop knowledge sharing at the individual level of employees and organizations to increase the company's competitive advantage (Arsawan et al. 2020).

Other empirical studies using more complex variables include knowledge sharing, innovation ability, absorptive capacity, and competitive advantage among employees of the education industry in Hong Kong. Some of these studies prove that knowledge sharing can empirically increase the company's competitive advantage. The results of this study state that knowledge sharing and absorptive capacity have a significant effect on innovation ability and competitive advantage. The study also found that absorptive capacity mediated knowledge sharing and innovation ability affected competitive advantage (Lo & Tian, 2020). Therefore, the following hypothesis is formulated:

H3: Knowledge sharing has a positive and significant impact on competitive advantage

Innovation ability and Competitive Advantage

Innovation is the success of an organization in implementing creative ideas (Sniukas, 2020). Therefore, it can be concluded that innovation is initiating, designing, implementing, and succeeding in new ideas in a business that can improve company performance.

And innovation capability means the ability of a company to create and implement new ideas related to business development to success.

According to increasing competitive advantage, several previous studies have also emphasized the importance of the company's innovation capabilities. Several previous studies have shown that innovation capabilities can positively impact increasing competitive advantage (Puspita et al. 2020; Ferreira et al. 2020; Aziz & Samad 2016; Anjaningrum & Rudamaga 2019; Nafiu et al. 2020; Lo & Tian, 2020). It is evidenced by empirical research conducted on 156 owners and employees of traditional furniture in Surabaya, which found that innovation could significantly influence its competitive advantage (Puspita et al. 2020).

Other empirical studies using more complex variables include knowledge sharing, innovation ability, absorptive capacity, and competitive advantage among employees of the education industry in Hong Kong. The results of this study state that knowledge sharing and absorptive capacity have a significant effect on innovation ability and competitive advantage. The study also found that absorptive capacity mediated knowledge sharing and innovation ability affected competitive advantage (Lo & Tian, 2020).

Likewise, with research conducted on 220 employees and owners of Food SMEs in Malaysia, innovation significantly affected competitive advantage. The relationship is moderated by firm size (Aziz & Samad, 2020). Other studies also support the finding that innovation significantly affects competitive advantage (Anjaningrum & Rudamaga, 2019; Nafiu et al., 2020). Several previous studies and literature emphasize that innovation is essential in increasing competitive advantage. Therefore, the following hypothesis is formulated:

H4: Innovation ability has a positive and significant impact on competitive advantage.

Absorptive Capacity and Competitive Advantage

Absorptive capacity is an organization's ability to acquire, assimilate, and exploit information to improve company performance (Sripada, 2020). The authors conclude that absorptive capacity is the ability of an organization to absorb information and utilize this information for the benefit of organizational development.

Several previous studies have shown that increased absorptive capacity positively affects competitive advantage (Pangarso et al. 2020; Chang et al. 2019; Liao et al. 2017; Lo & Tian, 2020). Chang et al. (2019) developed the theory of absorptive capacity in the form of cloud absorption. These findings indicate that absorptive capacity has a significant effect on competitive advantage.

Absorptive capacity can also affect other variables, such as innovation ambidexterity. A study of 530 employees from 64 institutes in Bandung found that absorptive capacity positively affected innovation ambidexterity. Innovation ambidexterity had a positive impact on sustainable competitive advantage. The study also found that innovation ambidexterity mediates the relationship between absorptive capacity and sustainable competitive advantage (Pangarso et al., 2020).

Another study conducted on 345 employees of technology companies in Taiwan also analyzed the relationship between absorptive capacity and competitive advantage and found an influence between absorptive capacity and competitive advantage (Liao et al., 2017). Therefore, the following hypothesis is formulated:

H5: Absorptive capacity has a positive and significant effect on competitive advantage.

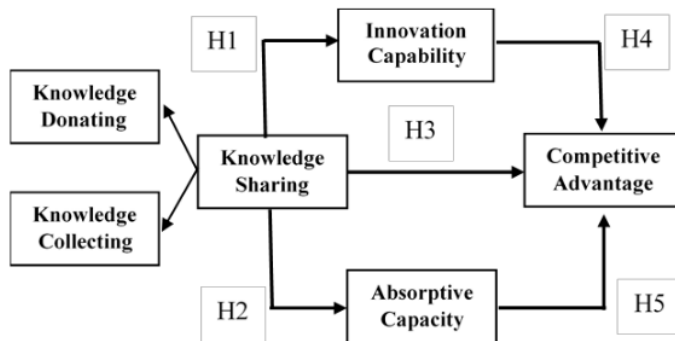


Figure 1: Research Model (Lo & Tian, 2020; Kurniawan et al. 2020)

Research and Methodology

The population used in this study were employees of modern cafes and restaurants in Yogyakarta. Yogyakarta is a student city and a tourist city, so that the number of immigrants is increasing, and the culinary industry is the most beneficial. The population was chosen because cafes have been considered a person's lifestyle and continue to grow in quality and quantity. So the subjects in this

study are individuals who manage cafes and restaurants in Yogyakarta. This study's sampling technique is the purposive (judgment) sampling method (Sekaran & Bougie, 2013).

Data Collection

The data to use in this study is obtained by distributing questionnaires to 213 owners, managers, and supervisors in café or modern restaurants. The questionnaire is a close question and used a Likert scale can be created as the simple sum of questionnaire responses over the full range of the scale (e.g., 1 = strongly disagree to 5 = strongly agree).

Variables and Measurement

This study uses four variables consisting of 1 exogenous variable, namely knowledge sharing, and three endogenous variables: absorptive capacity, innovation, and competitive advantage. The definitions and proxies of each variable are as follows:

Table 1: Variables, Dimensions, And Indicators

No	Variables	Indicators/Items
1	Knowledge Sharing (Lo & Tian, 2020; Kurniawan et al., 2020)	It consists of 2 dimensions and six indicators/items: <i>Collecting:</i> When I get new information that benefits the company, especially regarding innovation and digitization helps the company, especially regarding innovation and digitalization, I share it with my colleagues When I get new knowledge or skills, I share and teach it to my co-workers When I get a unique experience related to work, I share it with my co-workers <i>Donating:</i> When my colleagues get new information, they share it with me When my colleagues get new knowledge or skills, they share and teach me When my colleagues get new experiences related to work, they share them with me I like to learn and seek information from co-workers
2	Absorptive Capacity (Lo & Tian, 2020)	It consists of 4 indicators/items: Employees and management in my unit often discuss and exchange opinions My unit's employees and management often discuss and exchange views in informal activities such as lunch, etc. I like to share experiences with my colleagues My department has clear job descriptions and responsibilities for employees
3	Innovation Capability (Lo & Tian, 2020)	It consists of 4 indicators/items: My unit is constantly updating the company's products, services, and programs My team is always able to keep up with competitors My team can take advantage of opportunities well to increase market share I can solve problems using the new information or knowledge I have gained.
4	Competitive Advantage (Lo & Tian, 2020)	It consists of 4 indicators /items: Overall, my unit has a better reputation than the same competing company My team can constantly develop new and unique programs My team can always have better research performance than the same competing company My team has always been able to have a better relationship with the industry than the same competing company.

Data Analysis Method

This research uses a quantitative approach using the hypothesis testing method (Sekaran & Bougie, 2016). The Structural Equation Model (SEM) method performs to test the hypothesis. The statistic tool is AMOS 24. Validity and Reliability tests will conduct in this research—a validity test using the average variance extracted (AVE) > 0.50. Reliability test can do using Cronbach alpha and composite reliability (C.R.) > 0.70. The variables tested are valid and reliable so that this research can test the structural model (Hair et al., 2010).

Result and Discussion

Result

Characteristic and Profile Respondents

Characteristics of respondents in this study are described in several criteria: gender, age, education, and income. The description of the respondent's characteristics is as follows:

Table 2: Characteristics and Profile of Respondents

Characteristics	Frequency	Percentages	
Gender	Men	121	56,8%
	Woman	92	43,2%
Age	20 - 30 years	97	45,5%
	31 - 40 years	56	26,3%
	41 - 50 years	41	19,2%
	> 50 years	19	8,9%
Education	S1	91	42,7%
	S2	16	7,5%
	SMA	106	49,7%
Position	Owner	29	13,6%
	Manager	42	19,7%
	Supervisor	142	66,7%
Total	213	100%	

Table 2 shows that male respondents have 56.8% while female respondents have 43.2%. Furthermore, the respondents in this study were mostly aged 20-30 years, with 97 respondents or 45.5% of the total respondents. From recent education, the most respondents in this study have the latest high school education with a percentage of 49.7%, while the least are respondents with a master's degree education, namely 7.5%. The respondents in this study had the most positions as supervisors from the position aspect, with 66.7%.

The Validity and Reliability

Validity testing can be done by looking at the value of the loading factor. According to Hair et al. (2010), the minimum factor loading is 0.5 or, ideally, 0.7. If a value is below 0.5, it will be removed from the analysis. Furthermore, a reliability test was carried out. The construct reliability is good if the construct reliability value is > 0.7 and the variance extracted value is > 0.5. The results of the validity and reliability tests are shown in table 3.

Table 3: Reliability and Validity of Construct

Indicators	Loading Factors	CR	VE
DN3	0,899	0,9	0,8
DN2	0,906		
DN1	0,837		
CL3	0,842	0,9	0,7
CL2	0,818		
CL1	0,819		
CL4	0,804		
KI2	0,880	0,9	0,8
KI3	0,899		
KI4	0,865		
KI1	0,825		
KB2	0,910	0,9	0,8
KB3	0,880		
KB4	0,859		
KB1	0,883		
AC3	0,870	0,9	0,7
AC2	0,810		
AC1	0,904		
AC4	0,822		

Table 3 explains that all indicators in this study have a loading factor value of more than 0.5, so it can be concluded that all indicators in this study are valid. From Table 3, it can also be seen that the construct reliability of all variables has shown 0.7. As for the variance extracted in this study, each variable also has a value of 0.5. So, it can be concluded that the questionnaire used for this study is reliable.

Goodness of Fit

Furthermore, the conformity test of the confirmatory model was tested using the Goodness of Fit Index. In this study, several criteria were taken from each type of GOFI: Chi-square, probability, RMSEA, and GFI representing the absolute fit index, CFI and TLI representing the incremental fit index, then PGFI and PNFI representing the parsimony fit index. The results of the confirmatory analysis can be seen in table 4.

Table 4: Goodness of Fit

Fit Index	Goodness of Fit	Criteria	Cut-off value	Fitness
Absolute Fit	Chi-square	Kecil	150,213	Fit
	Probability	≥ 0.05	0,062	Fit
	RMSEA	≤ 0.08	0,031	Fit
	GFI	≥ 0.90	0,934	Fit
Incremental Fit	CFI	≥ 0.90	0,994	Fit
	TLI	≥ 0.90	0,992	Fit
Parsimony Fit	PGFI	≥ 0.60	0,615	Fit
	PNFI	≥ 0.60	0,707	Fit

Hypothesis Testing

The following analysis is the complete Structural Equation Model (SEM) analysis to test the hypotheses developed in this study. The results of the regression weight test in this study are as shown in Figure 2 and Table 5.

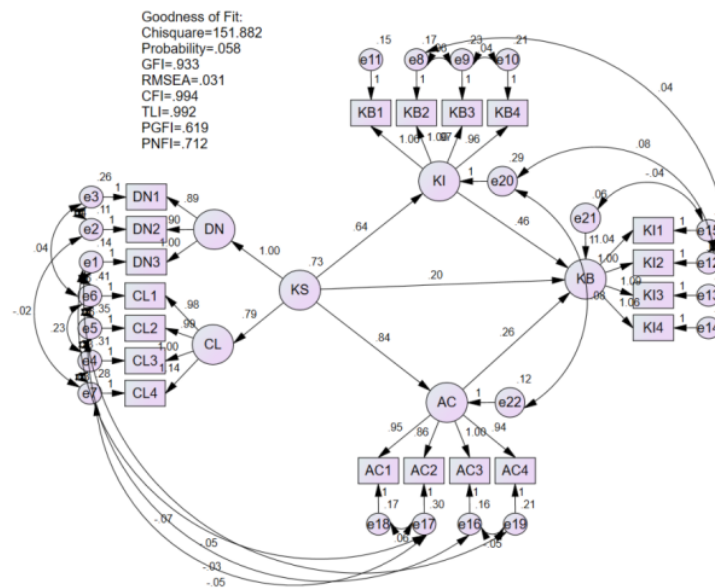


Figure 2: Path Diagram

The results of hypothesis testing can be seen at the value of Critical Ratio (C.R.) and the importance of probability (P) from the effects of data processing. The direction of the relationship between variable 3 can be seen from the estimated value. Furthermore, the relationship between exogenous and endogenous variables is significant if the test results show a C.R. value above 1.96 and a probability value (P) below 0.05 (5%).

10
Table 5: Regression Weight

			Estimate	S.E.	C.R.	P	Description	Conclusion
KI	<---	KS	.644	.056	11.487	0,000	Positive Significance	Supported
AC	<---	KS	.837	.050	16.743	0,000	Positive Significance	Supported
KB	<---	KS	.198	.080	2.478	0,013	Positive Significance	Supported
KB	<---	KI	.458	.060	7.571	0,000	Positive Significance	Supported
KB	<---	AC	.262	.102	2.564	0,010	Positive Significance	Supported

3 In detail, the research hypothesis testing will be discussed in stages according to the proposed hypothesis. The results of the analysis in Table 5:

- i. Knowledge sharing positively and significantly affects innovation ability. This result is evidenced by a positive estimate value, a t-statistic value above 1.96, and a P-Value value below 0.05. So that H1 in this study is supported.
- ii. Knowledge sharing positively and significantly affects absorptive capacity. This result is evidenced by a positive estimate value, a t-statistic value above 1.96, and a P-Value value below 0.05. So that H2 in this study is supported.
- iii. Knowledge sharing positively and significantly affects competitive advantage. This result is evidenced by a positive estimate value, a t-statistic value above 1.96, and a P-Value value below 0.05. So that H3 in this study is supported.
- iv. Innovation ability positively and significantly impacts competitive advantage. This result is evidenced by a positive estimate value, a t-statistic value above 1.96, and a P-Value value below 0.05. So that H4 in this study is supported.
- v. Absorptive capacity positively and significantly affects competitive advantage. This result is evidenced by a positive estimate value, a t-statistic value above 1.96, and a P-Value value below 0.05. So that H5 in this study is supported.

Discussion

This study analyzes five variables related to the effect of knowledge sharing (K.S.) on innovation ability (K.I.) and absorptive capacity (A.C.) as well as the influence of knowledge sharing (K.S.), innovation ability (K.I.), and absorptive capacity (A.C.) on competitive advantage (K.B.) in Yogyakarta culinary industry. The analysis in this study was carried out using the Structural Equation Modeling (SEM) method using AMOS 24 software. This study analyzed five hypotheses and from the five hypotheses examined, it was concluded that all of the hypotheses were supported

The first hypothesis in this study is that knowledge sharing has a positive and significant effect on innovation ability. Several previous studies support these results by Lo & Tian (2020; Kurniawan et al. 2020; Ganguly et al. 2020; Le & Lei, 2019; Lam et al. 2021). The analysis results in this study support the first hypothesis and prove that knowledge sharing can positively and significantly impact the ability to innovate in modern cafes and restaurants in Yogyakarta.

The results of the first hypothesis analysis show that managers should apply knowledge sharing well to improve the ability of innovation in modern cafes and restaurants in Yogyakarta. Knowledge sharing application includes two aspects, namely, donating and collecting. In this research, donating and collecting are combined with increasing innovation ability. Collecting is a manager's effort to collect information and knowledge from colleagues or co-workers. Donating is a manager's activity in providing information, knowledge, and skills to colleagues or co-workers (Kurniawan et al., 2020). The application of knowledge sharing in increasing innovation is closely related to digital technology (Nham et al., 2020). Transfer of knowledge and information will be easier and faster through online such as data cloud (Chang et al., 2019), online communication networks (Nham et al., 2020), and web development (Balle et al. 2019)

The second hypothesis in this study is that knowledge sharing has a positive and significant effect on absorptive capacity. The analysis results in this study support the second hypothesis and prove that knowledge sharing in modern restaurants and cafes in Yogyakarta can increase absorptive capacity. These results are supported by several previous studies, including Balle et al. (2020; Rafique et al. 2018; Song et al. 2020; Lo & Tian, 2020; Kurniawan et al. 2020), which also proves empirically the effect of knowledge sharing on absorptive capacity.

Balle et al. (2020) stated that the knowledge sharing dimension consists of donating and collecting, while the absorptive capacity dimension consists of the acquisition, assimilation, transformation, and exploration. Research conducted on 479 employees from software development teams in Brazil and Portugal found that knowledge sharing, donating and collecting, had a positive and significant impact on the dimensions of absorptive capacity consisting of acquisition, assimilation, transformation, and exploration (Balle et al. 2020).

The third hypothesis in this study is that knowledge sharing can positively and significantly affect competitive advantage. The analysis results in this study support the third hypothesis and prove that the better the application of knowledge sharing, the better the competitive advantage possessed by modern cafes and restaurants in Yogyakarta. Several previous studies also support the results of this analysis by Eidizadeh (2017; Arsawan et al. 2020; Than et al. 2019; Lo & Tian, 2020).

The results of the third hypothesis test indicate that the managers of modern cafes and restaurants in Yogyakarta should implement and develop knowledge-sharing applications so that competitive advantage will increase. Competitive advantage is the competence of an organization that can produce better performance than competitors in the industry (Godfrey et al. 2020). Meanwhile, Anwar (2018) describes competitive advantage as a company's strategic advantage to outperform other companies in one sector. Competitive advantage is an important aspect and determines the company's sustainability, especially in industries with many competitors, such as the culinary industry.

Boba Time Yogyakarta implements the implementation of digital-based knowledge sharing. Boba Time performs a digital monitoring system related to marketing methods, selling, and the timeliness of opening and closing outlets. With integrated monitoring, the owner or manager will find it easier to make business development efforts and detect deficiencies in each outlet.

The fourth hypothesis in this study is the ability of innovation to have a positive and significant effect on competitive advantage. The analysis results in this study support the fourth hypothesis and prove empirically that with good innovation capabilities, modern cafes and restaurants in Yogyakarta can have a better competitive advantage. The results of the analysis are supported by several previous studies, including Puspita et al. (2020; Ferreira et al. 2020; Aziz & Samad 2016; Anjaningrum & Rudamaga 2019; Nafiu et al. 2020; Lo & Tian, 2020).

The results of this study emphasize the importance of innovation capabilities in creating a highly competitive advantage. Innovation is the process of initiating, designing, implementing, and succeeding in new ideas in a business that can improve company performance. So that innovation capability means the ability of a company to create and implement new ideas related to business development until it is successful.

Several previous studies and literature emphasize that innovation is essential in increasing competitive advantage. A company's good innovation ability can be seen from several aspects, including developing and renewing products, services, and company programs, outperforming competitors, increasing market share, and solving problems quickly and accurately. Other studies also support the finding that innovation significantly affects competitive advantage (Anjaningrum & Rudamaga, 2019; Nafiu et al., 2020).

The lack of innovation has caused many companies to collapse. It is a fact, and many companies have experienced it. The application of go food shows one form of digital innovation that can increase competitive advantage, grab food, and maxim. The three applications help culinary providers sell their products online. It is proven that after being registered in the application, many new orders come in, and turnover increases. Even more unique now is that a strategic culinary business currently does not have a strategic location because everything is available online.

The fifth hypothesis in this study is that absorptive capacity has a positive and significant effect on competitive advantage. The analysis results in this study support the fifth hypothesis and prove empirically that the better the application of absorptive capacity, the better the competitive edge in modern cafes and restaurants in Yogyakarta. Several previous studies support these results by Pangarso et al. (2020; Chang et al. 2019; Liao et al. 2017; Lo & Tian, 2020).

The results of the fifth hypothesis analysis show that the application of absorptive capacity is essential because it can increase the company's competitive advantage. Absorptive capacity is an organization's ability to acquire, assimilate, and exploit information to improve company performance (Sripada, 2020). The authors conclude that absorptive capacity is the ability of an organization to absorb information and utilize this information for the benefit of organizational development.

Several activities within the company must be improved to build absorptive capacity, namely discussions and exchange of opinions between employees in both formal and informal activities, sharing experiences between employees, and having a clear description and division of labor within the company. Absorptive capacity is an essential source of competitive advantage. Most industries, especially the culinary industry, have rapidly changing knowledge and robust intellectual property protection.

The relationship between absorptive capacity and competitive advantage is also closely related to the development of digital technology. It is the digital era, so information is accommodated and accessed through digital technology. One of the technologies developed by many companies in absorbing information is the cloud, so cloud absorptive capacity appears (Chang et al., 2019). Cloud absorptive capacity plays an essential role in securing a competitive advantage. The synergy of the two capabilities (flexibility and control), which have conflicting characteristics, increases cloud absorptive capacity and leads to knowledge accumulation and enterprise performance.

The crabby restaurant also shows the application of digital-based absorptive capacity. They use the discount method because they follow the crabby Instagram and do an instantly. It is beneficial because the company can blunt the social media of its customers so that it can be used to analyze future trends and analyze the preferences of the majority of respondents.

Conclusion

The first hypothesis in this study is that knowledge sharing has a positive and significant effect on innovation ability. The results of the first hypothesis analysis show that managers should apply knowledge sharing well to improve the ability of innovation in modern cafes and restaurants in Yogyakarta. Knowledge sharing application in this research includes donating and collecting are combined with increasing innovation ability. Collecting is a manager's effort to collect information and knowledge from colleagues or co-

workers. Donating is a manager's activity in providing information, knowledge, and skills to colleagues or co-workers. The application of knowledge sharing in increasing innovation is closely related to digital technology. Transfer of knowledge and information will be easier and faster online, such as data cloud, online communication networks, and web development.

The second hypothesis in this study is that knowledge sharing has a positive and significant effect on absorptive capacity. The analysis results in this study support the second hypothesis and prove that knowledge sharing in modern restaurants and cafes in Yogyakarta can increase absorptive capacity through acquisition, assimilation, transformation, and exploration

The third hypothesis in this study is that knowledge sharing can positively and significantly affect competitive advantage. The analysis results in this study support the third hypothesis and prove that the better the application of knowledge sharing, the better the competitive advantage possessed by modern cafes and restaurants in Yogyakarta. The results indicate that the managers of modern cafes and restaurants in Yogyakarta should implement and develop knowledge-sharing applications to increase their competitive advantage. Competitive advantage is the competence of an organization that can produce better performance than competitors in the industry. Competitive advantage is an important aspect and determines the company's sustainability, especially in industry competitors, such as the culinary industry.

The fourth hypothesis in this study is the ability of innovation to have a positive and significant effect on competitive advantage. The analysis results in this study support the fourth hypothesis and prove empirically that with good innovation capabilities, modern cafes and restaurants in Yogyakarta can have a better competitive advantage. The results of this study emphasize the importance of innovation capabilities in creating a highly competitive advantage. Innovation is the process of initiating, designing, implementing, and succeeding in new ideas in a business that can improve company performance. So that innovation capability means the ability of a company to create and implement new ideas related to business development until it is successful.

The fifth hypothesis in this study is that absorptive capacity has a positive and significant effect on competitive advantage. The analysis results in this study support the fifth hypothesis and prove empirically that the better the application of absorptive capacity, the better the competitive edge in modern cafes and restaurants in Yogyakarta. The results show that applying absorptive capacity is essential because it can increase the competitive advantage. Absorptive capacity is an organization's ability to acquire, assimilate, and exploit information to improve company performance. We can conclude that absorptive capacity is the ability of an organization to absorb information and utilize this information for the benefit of organizational development.

Managerial Implication

Based on the conclusion in this study, it is recommended that the managerial implications for modern cafes and restaurants in Yogyakarta are as follows:

- i. Suppose the company wants to improve its product and process innovation capabilities and absorb market information well to have a high competitive advantage. In that case, it must absorb external details and implement them internally.
- ii. If the company wants to improve its internal capabilities, including absorbing information about duties and responsibilities, it must create a climate and culture of sharing information between human resources.
- iii. Suppose the company wants to be a leader and excel in competing in the same industry. The company should innovate regularly, improve the ability of human resources to understand their duties and responsibilities through discussion and exchange of opinion, and increase the ability to absorb external information and convey it internally.
- iv. In a further study, it is better to expand the study area, use longitudinal data, and choose research subjects with the same classification, namely cafes or modern restaurants or a combination of cafes and modern restaurants.

Limitation

This research still has some limitations, and it is hoped that further research will improve it. Rules in this study include: (a) The number of followers used as subjects in this study is still very varied so that the research subjects are still not at almost the same level of management; (b) There are still diverse subjects in this study, namely between cafes, modern restaurants, and a combination of cafes and modern restaurants, so that the research subjects are still mixed; (c) This study still has limited variables in analyzing efforts to increase competitive advantage.

Suggestion for further research

In a further study, it is better to expand the study area, use longitudinal data, and choose research subjects with the same classification, namely cafes or modern restaurants or a combination of cafes and modern restaurants. Selecting research samples at the same level in terms of having more or less the same followers is assumed to have almost the same management level. We are further exploring other variables that can increase competitive advantages, such as business intelligence (Eidizadeh, 2017), knowledge transfer and organizational learning (Liao et al., 2017), strategic orientation and supply chain capabilities (Puspita et al., 2020), strategic leadership (Sibghatullah & Raza, 2020) and entrepreneurial leadership (Pangestu et al., 2020).

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