



# Agile Management: The Key to Boosting SME Performance in Agriculture

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**Abstract.** This study aims to improve the business performance of SME's engaged in the Agriculture sector, especially food and beverage businesses where there is high agility and innovation as a team in producing food and beverages where there is knowledge sharing. This research includes quantitative explanatory research with a saturated population and sampling of 49 food and beverage SMEs from the agricultural sector. The questionnaire was administered using the Non Probability Random Sampling technique and using the SEM PLS analysis technique in data processing. The results of the study prove that the agility of SME's management can improve business performance through strong mediating knowledge sharing. This research is very meaningful in improving the performance of SME's, especially to be more innovative in team work and agile in sharing knowledge.

**Keywords:** Agility · Agriculture · Innovativeness · Knowledge Sharing · Team Creativity

## 1 Introductions

Small Medium Enterprise has proven to be a type of business that can survive and continue to grow in difficult economic times [1]. It is based on the ability to act in changing economic conditions due to its flexibility. SMEs, especially micro and small businesses, have proven to be able to absorb a large number of workers without the need for higher education so that it is effective for regions in overcoming the problem of unemployment as a solution [2]. SMEs are known for their ability to accept highly skilled workers with little education [3]. Processed food is a product that is in great demand because it can meet the needs of different consumers. We also have abundant processed food. Villagers are generally very happy to join MSMEs that sell processed products. Because this business has great growth potential in addition to free time to work considering the (consumer) market that continues to grow [4].

Knowledge is a resource more important to gain a Sustainable competitive advantage than tangible assets in today's knowledge age. Most organizations rely on enhancing the value of knowledge and making their products Knowledge as one of the most important resources for wealth creation [5]. Based on the knowledge economy and increasingly competitive environment, companies today use knowledge to get results to work well with their business strategies. Technology capabilities and agility help organizations achieve operational results, such as cost effectiveness, quality, productivity and customer service [6].

Agility focuses on an organization's ability to adapt to unexpected crises. In challenging times, agility enables organizations to experience growth and respond to economic and operational uncertainties. Agility describes a positive reaction to change and exploitation of change as an opportunity in a turbulent environment. Novelty in this research focuses on exchange networks knowledge, and information flow in food and beverage SMEs. However, the expressive network effect that can enhance emotional support, belonging, and trust has been largely neglected. Moreover, because work relations are inevitably linked to personal (or social) relations, examining instrumental and expressive networks separately and alone may be inadequate or even misleading [7]. The bond between team members multiplies. In other words, the relationship between any two team members can represent the development of both types of engagement, influencing the nature of interaction and information sharing. Agility refers to an organization's ability to respond effectively and quickly to market, supply and demand changes in developing competitive behavior and innovation opportunities [8]. Therefore, this research was conducted on SMEs in Reinforcement Sidoarjo aim to provide empirical evidence of the positive influence of agility and innovative performance practices SME's business through knowledge sharing [1].

## 2 Literature Review

Performance is a periodic assessment of the operational effectiveness of an organization. Targets, standards and some organizations and their employees based on the standards Said achievement in a given. Context of tasks, equivalent performance/work achievements of employees and also the organization [11]. Results are work results in terms of quality and quantity that are achieved by people in carrying out tasks as they should divert blame. From this definition it can be concluded that achievement is the skill of completing work, low score but effective organizational skills. In organizational performance, dynamic skills are inclusive, features such as detection, reconstruction and capture capabilities in organizational performance. Dynamic skills help change and deal with crisis situations during the performance phase of an organization [13]. The form of MSMEs (Micro, Small and Medium Enterprises) can be in the form of individual companies, partnerships, such as firms and CVs, or corporations. The form of SMEs (Micro, Small, and Medium Enterprises) can be a individual companies, partnerships, such as firms and CVs, as well as limited liability companies [9]. The performance of SMEs (micro and SMEs) is the result of the work carried out as a whole and is compared with the results of the tasks, objectives, targets or criteria that have been previously set Collective agreements on economic entities with assets and turnover criteria It is regulated by law [10].

Knowledge always plays an important role for competitive performance advantage and maintain dynamic economic sustainability. Dynamic skills drive Organizational performance Transfer of skills and knowledge from expert to novice in utilizing a valuable resource for organizational performance. In the context of dynamic capabilities, it helps to innovate new products and engages the organization to accept, create and demonstrate its desire for competitive advantage through knowledge sharing behavior for organizational performance. Surprisingly, only a few studies have tested the relationship between organizational performance and knowledge-sharing behavior empirically [15]. Therefore, the relationship is not well articulated, especially in the context of the entrepreneur's dynamic capabilities. There is a significant role for dynamic capabilities as a mediator between organizational performance and knowledge sharing behavior in the SME's sector. Sharing Knowledge drives organizational performance and uses more resources Dynamic skills play an important role as mediators of new Product innovation. Excessive use of dynamic organizational skills based on Information relies on exchange of knowledge within leading organizations for better performance. Therefore, the following hypothesis is proposed [16, 17].

Knowledge management is the basis of producing the right knowledge or the right source of knowledge. Make sure the right people (including people) are available at the right time [18]. Knowledge sharing is the most important aspect of this process. Knowledge management initiatives depend on it. Can share knowledge Described as a push or a pull. What is Knowledge Enhancement Knowledge is "pushed" to users through newsletters, publications, etc. when knowledge trains Knowledge is deliberately and actively sought by searching in libraries, meeting with experts, collaborating with colleagues [19]. Knowledge sharing is a process by which individuals share knowledge with one another. Exchange (implicitly and explicitly) ideas about existing knowledge, Create new knowledge together. Knowledge Sharing is the result of communication between individuals and business entities [20].

The agricultural sector is a sector that plays an important role in the Indonesian economy. The agricultural sector contributes to economic growth, receives government foreign exchange, covers food needs, receives labor Workers, especially suppliers of important raw materials for the food and beverage processing industry (agricultural industry) [24]. Agroindustry as one of the subsystems of agribusiness activities Continuing agricultural development. as an engine of agricultural and agroindustry development can play an important role in regional development activities, economic growth, national stability [25]. Every entrepreneur in doing business certainly hopes that his business can achieve large profits and existence of business continuity. For this reason, business analysis is necessary for business success [26]. Business analysis is carried out to measure or calculate whether a business will be successful [27]. Business analysis can also help solve company problems [28]. Product innovation is what can be considered as a functional product advancement that is one step ahead of competing products. Products with added value benefits for consumers [30].

### 3 Methodology

Quantitative study is used here. Validity reliability analysis from the inner and outer models was used in SEM-PLS data analysis. Saturated sampling was used to survey 49 food and beverage SMEs.

### 4 Results and Discussion

#### 4.1 Validity and Reliability Test Results

In Table 1, the composite reliability is obtained which shows reliability above 0.7 and AVE Validity is also above 0.7 stated fulfill.

#### 4.2 Influence Test Results Direct

#### 4.3 Influence Test Results no Direct

Based on Tables 2 and 3, it can be obtained that the influence of agility on SMES business performance was strongly mediated by Knowledge Sharing of 78%.

**Table 1.** Reliability Test Results

Variable	Cronbach’s Alpha	Composite Reliability	AVE
Agility	0.784	0.994	0.842
Innovativeness	0.723	0.896	0.822
Business Performance	0.753	0.872	0.826
Knowledge Sharing	0.781	0.891	0.834

**Table 2.** Influence Test Results Direct

Influence direct	Original Sample	T statistics	P Values
Agility – Business Performance Innovation	0.672	0.889	0.000
– Business Performance	0.664	0.867	0.000

**Table 3.** Effect Test Results No Direct

Influence no direct	Original Sample	T statistics	P Values
. Agility – Knowledge Sharing – Business Performance	0.784	0.676	0.000

## 4.4 Discussion

### 1. Agility affects the SMEs business performance

SMEs food and beverage must face obstacle business in the post- pandemic period [31]. They must have good agility which comes from man power nor products and marketing [32]. Openness of the SMEs' owner in handling employees and delivering instruction in goods packaging are the agility separately in food and beverage SMEs [33]. This result is in line with the achievement or result that showed the high quality of the work produced not only the amount of work produced [4]. Those should be the important role of skills or abilities in the organization or companion companies [12]. This result of this study are also in line with the previous studies, which show that agility is proven to improve business performance through increased customer service and differentiation in competitive and customized markets [12] [32]. This study is also proven an extension of theory and managerial implications which adopted an agility approach to improve the business performance by achieving customer service and differentiation in a customized environment [31].

### 2. Innovativeness affects the SMEs business performance

SME's food and beverage results agriculture must always innovate good from facet processed results agriculture or in Thing packaging product [29]. Attractive packaging, creative and easy design remembered Becomes choice of SME's owners in promote the product [35]. This in line with entrepreneurial performance and the role of dynamic capabilities as a mediator between innovative [36] capacity and sustainable entrepreneurial performance. [14] In addition, organizations with higher innovative capacity may be more susceptible to innovative ideas and better positioned to recognize market opportunities[34] to release new products earlier than competitors for organizational performance [37]. Connecting new businesses with other companies facilitates higher organization [38]. This research is in line with the findings of previous studies which revealed that innovation affects the business performance of SMEs [14, 36]. The development of SME business performance can be improved by implementing innovation [37]. It shows the ability to respond to upcoming business changes [37]. Thus, innovation will encourage the competitiveness of SMEs towards business stability and urban economy development [36, 38].

### 3. Agility affects SME's business performance through knowledge sharing

Human resources in SMEs are highly dependent on the various trainings they receive, either those attended independently or from the UKM and Cooperative Service in Sidoarjo. The results of individual training are also divided into several SME groups. This is in line with the success of Knowledge Sharing depending on the quantity and quality of interaction between them, which is focused on the willingness and ability to use employees and knowledge. Organizations must encourage and support their employees to make this happen [21]. The Knowledge Sharing process is related to the conditions of Human Resources and on work experience, expertise and knowledge within the organization as

well as the transfer of information with other colleagues [22]. Knowledge Sharing also creates opportunities to maximize organizational capabilities, create solutions and carry out efficiencies so that it is expected to be able to maintain a business with a competitive advantage [23]. Therefore, the role of Knowledge Sharing is very strong in the relationship between agility and SME business performance which is in line with the findings of previous studies [21–23]. The role of Knowledge Sharing is needed by organizations to manage information between SME owners and their human resources so that they can support agility which has an impact on improving SME business performance [23].

## 5 Conclusion

Agility affects SME business performance. This relationship is heavily mediated by Knowledge Sharing. This agility must be supported by existing staff in SMEs, inseparable from the various training they receive. It is also good if it is followed independently or from the UKM and Cooperative Office in Sidoarjo. This research was conducted in Sidoarjo, the scope is limited. That is why the results of this study are suitable in Sidoarjo but relevant research needs to be carried out in other regions and in other areas of SMEs. It is recommended for future researchers to be able to conduct more in-depth research by considering several things, namely the involvement of SMEs in their function and role in increasing economic productivity in an area, it is advisable to look at the productivity of SMEs businesses with a focus on how SMEs can maintain their business, as well as focus on developing SMEs especially by applying marketing theory and the role of agility in business.

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