

ABSTRACT

The aim of this study is to analyze how Stimuli Professionalism Sharing will be able to improve the Small and Medium Sized Enterprises' performance which specialize in mechanical and steel industry in Tegal and Klaten Regency at Central Java Province. This study uses 169 respondents. The respondents are manager or the owner of SME who employ 5 until 100 workers. Data collection technique uses questionnaires and direct interview with respondents and the entrepreneur figure. Analytic technique uses Structural Equation Modeling (SEM) by AMOS 16.0 as software program.

Analyzes result proves that proactive behavior owned by a leader of a company will improve Stimuli Professionalism Sharing. Further analytic result also proves that Stimuli Professionalism Sharing will positively influence the employees' willingness to share their knowledge, both explicit knowledge and tacit one (experiential sharing). Knowledge sharing which is performed by employee will positively influence the SME's business performance. In addition, stimuli professionalism sharing will not directly influence the product innovation.

Theoretical contribution from this study supports the resource based view theory (RBV), knowledge management theory and leadership theory with a new concept, that is Stimuli Professionalism Sharing. The result from this study has a managerial implication, that is the improvement of business performance product innovation as a result of knowledge sharing activity which is also supported by stimuli professionalism sharing activity.

Keywords : Stimuli Professionalism Sharing, Knowledge Sharing, Product Innovation and Business Performance.