ABSTRACT

In the era of free trade and globalization of world economy, science and technology along with human resources are the two dominant factors in determining the level of competitiveness of a product or company. Based on the results of focus group discussion attended by batik craftsmen, academics and batik observer community, both the academics, batik observer community as a source of transfer and batik craftsmen as a transfer recipient. They are argued that the transfer of knowledge that had been organized by the source of the transfer consist of government, university and Batik observer community has not been effective. This is because the transfer of knowledge in the form of training is held only for a moment without any assistance or evaluation process of the after training.

The purpose of this study was to determine the factors that influence the effectiveness of knowledge transfer in batik SMEs Solo and Pekalongan and to determine the effect of knowledge transfer effectiveness to organizational performance in batik SMEs Solo and Pekalongan. Then makes recommendations to achieve the effectiveness of knowledge transfer in batik SMEs Solo and Pekalongan. The method used is Structural Equation Modeling with PLS using the software SmartPLS 2.0.

The results of data processing showed that the factor which has positive influence on knowledge transfer effectiveness in batik SMEs Solo is social interaction, trust and learning orientation, while the factors that has positive influence on knowledge transfer effectiveness in Pekalongan batik SMEs is confidence, motivation and management support. The effectiveness of knowledge transfer that measured by the level of perceived usefulness of knowledge by SMEs has a positive influence on organizational performance both financial and non financial performance at batik SMEs Solo and Pekalongan.

Keywords: Effectiveness of Knowledge Transfer, Organizational Performance, SMEs Batik Solo and Pekalongan, Partial Least Square (PLS)