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IMPLEMENTATION OF TECHNOLOGY TOWARDS INCREASING THE INCOME OF AGRICULTURAL MSMES WITH ABSORPTIVE KNOWLEDGE CAPACITY AS A MEDIATION

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Abstract

Study This aim For test influence implementation technology to improvement income of agricultural MSMEs, with absorptive knowledge capability as variables mediation. Research This based on theory dynamic capability, which emphasizes importance ability organization for integrate, adapt, and configure repeat source power in changing environment. Approach quantitative exploratory used with using collected primary data through questionnaires distributed to 96 farmers in Lamuk Village, Regency Wonosobo, which was chosen use Purposive sampling was used. Data analysis was conducted using multiple linear regression and path analysis, supplemented by the Sobel test to test the mediation effect. The results of the study show that implementation technology own influence positive and significant to improvement income. More further, absorptive knowledge capability proven in a way significant mediate connection between implementation technology and revenue, shows that ability for acquire, transform, and utilize knowledge increase effectiveness utilization technology. Apart from that, absorptive knowledge capability in a way direct own impact strong positive to income. This study highlight that technology just no enough for increase performance economy without support absorptive knowledge capability. Research result This contribute to development theory dynamic capability and providing implications practical for maker policies and farmers in optimize adoption technology through improvement capacity.

Keywords: implementation technology, absorptive knowledge capability, improvement income, agricultural MSMEs, theory dynamic capability

INTRODUCTION

Indonesia is an agricultural country with sector agriculture plays a role important in economy national, good in his contribution to Product Gross Domestic Product and absorption power work. However, the sector This face various challenge like change climate, decline quality land, transfer function land, as well as limitations access to modern technology. In perspective development economy, growth No only determined by the source Power nature and humans, but also by capital as well progress technology and innovation. Development technology agriculture, including smart farming based on Internet of Things (IoT), provides opportunity big For increase productivity and income farmers. However, its utilization not optimal because difference ability farmer in understand and manage technology the.

Income farmer as indicator welfare show fluctuating conditions, as happened in Lamuk Village which is deep a number of year final experience rise and fall, even tend decreased. Condition This different with village surrounding area like Wonosari and Bowongso which show trend improvement more income consistent. Difference This indicates existence gaps influenced by internal factors, such as limitations source power and low ability in manage technology as well as Knowledge. In farming, technology is a crucial factor in increasing efficiency and productivity.

However, the impact of technology on income is not always direct, but rather depends heavily on the farmer's ability to absorb, understand, and utilize the knowledge related to that technology. This is absorptive knowledge capacity become factor the key that bridges connection between implementation technology and improvements income.

Study This own novelty with put absorptive knowledge capacity as variables mediation in connection between implementation technology and income farmers, as well as study phenomenon specifically in Lamuk Village which experienced decline income in the middle improvement village surrounding area. With Thus, research This aim For analyze influence implementation technology to income farmer with absorptive knowledge capacity as variables mediation. Research results show that implementation technology influential positive and significant to improvement income farmers. In addition, absorptive knowledge capacity proven capable mediate influence implementation technology to income in a way significant. Absorptive knowledge capacity also has influence strong direct to improvement income. Findings This confirm that success technology in increase income is largely determined by ability farmer in absorb and utilize knowledge in a way effective. Research results This expected can give contribution in development literature economy agriculture as well as become base in formulation policies that do not only focused on providing technology, but also on improvements capacity knowledge farmer.

LITERATURE REVIEW AND HYPOTHESIS FORMULATION

Dynamic Capability Theory

Dynamic Capability Theory emphasize that capability dynamic is ability company For create, integrate, and reconfigure asset tangible and No in the form of being able to respond change technology, markets, and competition in a way sustainable. Capability dynamic consists of from three indicator namely sensing, seizing, and transforming or reconfiguring. Sensing reflects ability company for scan, identify, and understand opportunity as well as threat. Seizing indicates ability company in utilise opportunities. Transforming describes ability company For organize repeat source power, structure organization, and combination assets to remain relevant with change environment (Teece, 2007).

Capability dynamic is capabilities that are formed from cognitive managerial as foundation micro For adapt and change in dynamic environment. Capabilities dynamic indicated be sensing opportunities, namely perception and attention For recognize and interpret pattern in environment as well as detect opportunities and threats. Seizing opportunities, namely solution problems and reasoning For designing an effective business model and making decision smart investment. Reconfiguring Assets, namely language and communication as well as cognition social For coordinate asset adaptation, overcoming resistance to change, and motivate employees. Capabilities dynamic No solely only activity physique but also influenced by mental (Helfat & Peteraf, 2015)activity.

Capability theory dynamic become umbrella conceptual in study This Because capable integrate connection between implementation technology, absorptive knowledge capacity, and improvement income farmers. Perspective This emphasize that success No only determined by adoption technology, but by ability perpetrator business in absorb, manage and utilize it in a way effective. In theory capabilities dynamic, absorptive knowledge capacity play a role as mechanism learning that allows technology optimized, so that in the end push improvement income.

Improvement Income Farmer

Income is one of the indicator important in measure level welfare society, especially for farmer as perpetrator main sector agriculture. In terms of general, income is all over acceptance, good cash or No cash which is results from sale goods or service in term time certain (Ramadhan et al., 2023). Income can defined as the total cash and non-cash receipts received individual or House ladder in period certain, based on draft stream. Income the reflect current enter gross benefit economy from activity entity, which has an impact on the increase equity without contribution

investment. Income This covers various form, such as sales, costs services, interest, dividends and royalties (Fathi & Iskandar, 2024).

Improvement income is motivation main farmer in develop his farming business. Optimal income allows they increase welfare live, expand production and increase productivity agriculture According to the Central Statistics Agency (BPS) (Fathi & Iskandar, 2024), income is the compensation a person receives from their work over a certain period of time, either in cash or goods. BPS divides income into three categories (Ramadhan et al., 2023). First, income in the form of money, namely income in the form of cash received as compensation for work. Second, income in the form of goods or services whose value is equivalent to market price but does not involve direct monetary transactions. Third, income that is not including income like results sale goods former, treasure inheritance, gift gifts, loan money, and the like.

Income farmer influenced by several thing, where capital is one of the factor crucial. Availability of capital compared straight with level the resulting production, so that farmer with more business capital big own opportunity get more income tall (I Gusti Ayu Lia Yasmita, 2023). Income is total income received Good from formal and non-formal sectors are calculated in term time certain, can indicated through size income received in period certain, type and stability work or business as source income, ability manage budget costs, as well as size burden or expenditure that affects income clean (Hermi Silarsih & Akhmad Nasir, 2021).

Implementation Technology

Quoted on the Wikipedia page, technology is something approach comprehensive used For produce goods and services to support continuity life as well as comfort humans. In addition, technology is also understood as something entity, either nature physique both physical and non-physical, which are formed through the process of thinking and creativity with objective realize values certain.

Technology agriculture in a way general own objective For increase productivity source Power humans and land, as well as pressing cost Production. The use of tools and machines in the production process aims to increase efficiency, effectiveness, productivity, and crop quality, as well as lighten the workload of farmers. Agricultural technology can be understood as the application and utilization of various mechanical aids used in carrying out farming activities.

Technology also plays a crucial role in determining farmer income, alongside capital availability and land area. Technological developments encourage farmers to increase their production capacity. Agricultural technology encompasses the various tools, methods, or approaches used to transform agricultural inputs into more productive and valuable products, whether raw, semi-processed, or ready-to-eat (I Gusti Ayu Lia Yasmita, 2023).

Today, technological development is unavoidable, as it will always keep pace with changing times. The presence of technology reflects advances in science. The various innovations born from this progress have had a positive impact on human life. Technology offers various conveniences that transform the way people carry out their daily activities. Especially in the last decade, society has experienced many benefits from innovations that drive economic growth (Rusydi & Rusli, 2022).

Technological development is inevitable, as it will always keep pace with changing times. The presence of technology reflects advances in science. The various innovations born from this progress have had a positive impact on human life. Technology offers various conveniences that transform the way people carry out their daily activities. Especially in the last decade, society has experienced many benefits from innovations that drive economic growth (Setiawati & Alqoodir, 2021).

Absorptive Knowledge Capacity

Absorptive Knowledge Capacity is one of the very important organizational strategic capabilities in face dynamics environment growing business complex and based knowledge. Ability No only create knowledge internally, but also absorbing knowledge external, is a key factor in push innovation and excellence competitive. Absorptive Knowledge Capacity can also defined as ability

organization in identify, acquire, integrate, and utilize knowledge that comes from from environment external For support activity innovation. Concept This emphasize that organization No can only depend on internal activities such as research and development (R&D), but also must active weave collaboration with various party external, such as suppliers, partners technology, universities, and research institutions, in order to enrich the existing knowledge base (Andriani et al., 2025).

Absorptive Knowledge Capacity consists on four the first dimension acquisition is the ability identify as well as get relevant knowledge from environment external. Second Transformation that is ability combine knowledge new with knowledge that has been owned previously so that produce understanding newer relevant with need organization. Last exploitation and utilization that is ability apply knowledge the to in activity real like development product new, process improvements, and improvement efficiency operational (Andriani et al., 2025).

Absorptive Knowledge Capacity is ability For acquire, understand, integrate, and utilize knowledge external to improve performance and excellence competitive. Concept This reflect capability dynamic that is not only focused on collecting information but also on how knowledge the processed and applied in innovation and business strategy. Two dimensions main namely potential absorptive capacity, and realized absorptive capacity, both of which realized in four main processes that is acquisition, assimilation, transformation and exploitation knowledge (Irawan R D Budianto et al., 2023).

Implementation Technology to Improvement Income

Technology agriculture in a way general own objective For increase productivity source Power humans and land, as well as pressing cost Production. The use of tools and machines in the production process aims to increase efficiency, effectiveness, productivity, and the quality of harvests, as well as lighten the workload of farmers. Agricultural technology can be understood as the application and utilization of various mechanical aids used in carrying out farming activities (Rusydi & Rusli, 2022). The effectiveness of technology in increasing farmer income depends heavily on several key factors. The novelty of the technology, ease of use, effectiveness, efficiency, as well as the accessibility and availability of technology are key factors in supporting increased agricultural productivity (Saputra, 2024). Thus, the application of appropriate technology will encourage increased productivity, which will ultimately lead to increased farmer income. Therefore, the first hypothesis that can be proposed is as follows:

H1: Implementation technology influential positive to improvement agricultural MSME income

Implementation Technology to Improvement Income with Absorptive Knowledge Capacity as Mediator

(Kastelli et al., 2024) confirm that digital capacity no in a way directly produce performance economy, but rather operate through mechanism capability organization. Concept This explain that absorptive capacity functioning as ability dynamic that allows organization For acquire, assimilate, transform, and exploit knowledge based technology become innovation. The resulting innovation Then become determinant main in improvement performance, including income. Relationship between implementation technology and income nature No directly, but rather influenced by the absorptive capacity in action as a mediator that connects digital capacity with the next innovation impact on increasing income.

(Yorinda & Dyah Kusumastuti, 2024) in the article explain that performance No only determined by adoption technology, but is highly dependent on the internal capabilities of the organization in manage knowledge and innovation. Social media adoption represents form implementation digital technology used by MSMEs to support activity his business own influence direct to performance of MSMEs but the impact more optimal when supported by capabilities organization that other, absorptive capacity proven own influence to capability innovation. This is confirm that technology No can in a way direct produce innovation but must through the process of learning and absorption knowledge moreover before. Innovation the furthermore become the

main factor in increase performance business or income. Therefore that, hypothesis second one that can submitted is as following :

H2: Implementation technology influential positive to improvement income with absorptive knowledge capacity as mediator.

Integration of Absorptive Knowledge Capacity towards Improvement Income

Economic era based knowledge and digitalization confirm that improvement MSME income does not only determined by ownership source power, but by ability organization in manage and utilize knowledge. Absorptive Knowledge Capacity is ability For identify, absorb, process and utilize knowledge external become mark economy. Capabilities This become the more important Because environment dynamic business demand perpetrator business For adapt through learning and innovation.

(Arifin & Hartono, 2025) show that show that Absorptive Knowledge Capacity play a role as capability strategies that improve performance and income of MSMEs through mechanism strategic innovation and open innovation. Capabilities absorb and manage knowledge external enable MSMEs to produce more innovation competitive, which ultimately impact on increasing performance economy, including improvement income.

(Kule Julius Warren, 2025) absorptive capacity own influence positive and significant to performance of MSMEs. This demonstrated by ability in acquire, transform, and exploit knowledge external allows perpetrator business For increase effectiveness operational as well as respond change environment business with more fast. Dimensions utilization knowledge (knowledge exploitation) becomes the most dominant factor in push performance business. This is show that No Enough only absorb knowledge, but more The important thing is to convert it become real actions that have an impact on activities business. Therefore that, hypothesis the third one that can submitted is as following :

H 3: Absorptive Knowledge Capacity has an effect positive to improvement income.

RESEARCH METHODS

Research Design

Study This use design quantitative explanatory purpose For test connection cause and effect between variables. Approach This based on philosophy positivism with characteristics main that is use the hypothesis being tested in a way statistics, relying on numerical data (scale Likert), aims For explain influence direct and indirect direct (mediation). Research This designed For test implementation technology to improvement income, as well as implementation technology to improvement income through absorptive knowledge capability.

Population and Sample

The population that will be investigated is community in Lamuk Village Subdistrict Kalikajar Regency Wonosobo. As for the number population as many as 1515 people. Research This use purposive sampling technique, namely method taking sample based on considerations and criteria certain that have been set researchers For determine amount respondents who will researched. Research sample This consists of from public village seaweed, which fulfills criteria that have been established. The established sample in study This must fulfil criteria that is sample is public village Seaweed that has or manage land own, have wide land agriculture of at least 342 meters, and has use technology advanced in system agriculture. Based on criteria that have been determined so sample in study This totaling 96 respondents.

Data Collection and Development Techniques Instrument

Data collection techniques in research This done with spread questionnaire online through Google Form link as following : https://forms.gle/PvPgY3ETNi9eaSvx5. to respondents in study This that is public village Seaweed that has been customized with criteria that have been set previously. The instrument was compiled based on indicator and dimensions from each variable developed from study theory and research previous. Instruments used in the form of questionnaire with scale

five- point Likert scale, for measure level agreement respondents to every questions asked. Each variables operationalized to in a number of indicators which then explained become grains measurable and relevant questions with context study.

Variables improvement agricultural MSME income measured through indicator improvement income, support infrastructure and facilities (Rusydi & Rusli, 2022). Variable implementation technology measured based on indicator use tool modern agriculture, improvement effectiveness, and improvement productivity (Rusydi & Rusli, 2022). Variable absorptive knowledge capability measured based on indicator acquisition is the ability identify as well as get relevant knowledge from environment external. Second Transformation that is ability combine knowledge new with knowledge that has been owned previously so that produce understanding newer relevant with need organization. Last exploitation and utilization that is ability apply knowledge the to in activity real like development product new, process improvements, and improvement efficiency operational (Andriani et al., 2025).

Data Analysis Techniques

Data quality test using validity test and reliability test, construct is said to be valid if mark significance kuvrang from 0.05 and it is said reliable If Cronbach alpha coefficient is higher from 0.06. Assumption test classic used For confirm the regression model fulfil assumptions basic, which includes normality, multicollinearity, and heteroscedasticity tests. Hypothesis testing done use multiple linear regression and analysis path analysis for test influence direct and indirect direct between variables independent and dependent, and absorptive knowledge capability variable as tested mediation use Sobel test. Hypothesis stated accepted if mark significance not enough from 0.05 which shows existence significant influence between variable.

RESULTS AND DISCUSSION

Before done data processing, data obtained through questionnaire need For tested for accuracy and reliability. Testing done with validity test and reliability test.

Table 1. Validity Test Results

Variables	Correlation Range	Significance	Information
Technology (X1)	0.939 ** - 0.961 **	0.000	Valid
Income (Y)	0.874 ** - 0.903 **	0.000	Valid
ACAP (Z)	0.940 ** - 0.963 **	0.000	Valid

Source: processed SPSS data, 2026

Table 2. Reliability Test Results

Variables	Cronbac'h Alpha	Alpha Limit (α)	Information
Technology (X1)	0.943	0.60	Reliable
Income (Y)	0.867	0.60	Reliable
ACAP (Z)	0.943	0.60	Reliable

Source: processed SPSS data, 2026

Based on table data validity above variables Technology have range correlation, 0.939** - 0.961**and significant 0.000. This show that statements about Technology that measures variables Technology declared valid. Variable Income have range correlation, 0.874** - 0.903**and significant 0.000. This is show that statements about Income that measures variables Income declared valid. Variable absorptive knowledge capability (ACAP) has range correlation, 0.940 ** - 0.963** and significant 0.000. This is show that statements about ACAP is declared valid. Based on the table data reliability above in a way overall Reliability Test conducted study This has show more results large and upper limit values Cronbach's alpha is 0.6 so in a way overall variables is reliable.

Table 3. Goodness of Fit Test Results (F Test)

ANOVA [a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	283,675	3	94,558	607,298	.000 [b]
	Residual	14,325	92	156		
	Total	298,000	95			

a. Dependent Variable: Income
b. Predictors: (Constant), Technology, ACAP

Source: processed SPSS data, 2026

Based on the results of the F calculation, the calculated F was 607,298 and the significance value was 0.000 because the probability was much smaller than the significance level of 0.05, so the regression model could be used to predict Y or it could also be concluded that the model was declared suitable or Fit.

Hypothesis testing was conducted using multiple linear regression and the Sobel Test calculator. Simple linear regression was used to examine the influence of land area and technology on farmer income. The Sobel Test was used to examine the influence of land area and technology on farmer income, with production as a mediating variable.

Table 4. Results of Technology Implementation Testing on Income

Coefficients [a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	1,919	.403		4,759	.000
	technology	.264	.036	.445	7,407	.000

a. Dependent Variable: income

Source: processed SPSS data, 2026

Based on the table above, the test for the effect of technology on farmer income has a coefficient of 0.264 and a significance level of 0.000. This value is smaller than the 0.05 threshold. Therefore, H1, which states that technology has a positive effect on farmer income, is accepted.

Table 5. Sobel Test Calculator Test Results

	X1-ZY	Test Statistics	p-value
a	0.879	157.41	0.0
b	0.160		
Sa	0.001		
Sb	0.399		

Source: processed SPSS data, 2026

Based on the Sobel Test using the Calculator for the Sobel absorptive knowledge capability is able to mediate the influence of technology on farmer income. According to Baron and Kenny (1986), the mediation effect can be identified when the mediator variable is able to explain the relationship between the independent and dependent variables, where the Sobel test decision-making criteria are if the probability value (p-value) is smaller than alpha (a = 0.05) then the

mediation effect is declared significant. With a Sobel statistical value of 157.74 and a sig value of 0.0 less than 0.05, it is concluded that absorptive knowledge capability is able to mediate the influence of technology on farmer income.

Table 6. Test results on the influence of absorptive knowledge capability on income

	Coefficients [a]				
	Unstandardized Coefficients		Standardized Coefficients		
Model	B	Std. Error	Beta	t	Sig.
1 (Constant)	3,600	.458		7,865	.000
productio n	.575	.034	.865	16,721	.000
a. Dependent Variable: income farmer					

Source: processed SPSS data, 2026

Based on table 6, the role of absorptive knowledge capability on farmer income, the analysis results show that absorptive knowledge capability has a positive and significant effect on farmer income. This is indicated by the regression coefficient value of 0.575, which means that every increase in absorptive knowledge capability will increase farmer income by 0.575 units. The calculated t value of 16.721 with a significance of 0.000 ($p < 0.05$) proves that the effect is statistically significant. The B value of 0.865 indicates that absorptive knowledge capability makes a very large contribution of 86.5% to farmer income. Thus, the hypothesis that absorptive knowledge capability has a positive and significant effect on farmer income can be accepted.

The results of the hypothesis testing in Table 4 demonstrate that technology has a positive effect on farmers' income, thus accepting hypothesis two (1). This finding aligns with research by Premana et al. (2020), which found that access to technology has a positive effect on farmers' income. However, this finding differs from a dissenting study by Theophilia et al. (2023), which stated that technology has no effect on farmers' income in Indonesia. (Rusydi & Rusli, 2022) Agricultural technology, in general, aims to increase the productivity of human resources and land, as well as reduce production costs. The use of tools and machinery in agricultural production activities aims to create more efficient and effective work processes, increase production yields and quality, and lighten the workload of farmers. Agricultural technology can be defined as the use of various tools that support and simplify agricultural activities, from land preparation to post-harvest.

These results indicate that technology has a positive impact on the income of farmers in Lamuk Village. This indicates that the majority of Lamuk Village residents have utilized agricultural technology to increase their efficiency and productivity. This is evident from the shift from using manual sprayers to electric sprayers, as well as the use of diesel-powered shredding machines to process tobacco leaves, which saves time and labor. By adopting this technology, farmers are able to complete work more quickly, reduce labor costs, and optimize yields and harvest quality. Thus, technology is a crucial factor in increasing the income and economic well-being of farmers in Lamuk Village.

Based on the analysis results in Table 5, the absorptive knowledge capability variable was proven to mediate the effect of technology on farmer income, thus accepting hypothesis four (H2). This is in line with research (Wardani & Putri, 2021), which found that production mediates the effect of technology on farmer income. However, this differs from research (Rahmawati et al., 2023), which stated that absorptive knowledge capability did not mediate the effect of technology on farmer income.

According to Rusydi (2019), agricultural technology aims to increase human and land productivity and reduce production costs. In the agricultural context, adopting technology makes it easier for farmers to increase work efficiency. However, the benefits of technology will be

maximized when accompanied by absorptive knowledge capability. Advanced technology without good absorptive knowledge capability will only be a suboptimal investment.

These results indicate that the influence of technology, mediated by absorptive knowledge capability, has a positive effect on the income of farmers in Lamuk Village. This is evident in farmers who are able to understand, adopt, and optimally utilize technologies such as electric sprayers and tobacco shredding machines, resulting in greater and higher-quality production compared to farmers who still use manual methods. This indicates that the main factor lies not only in the level of technological modernity used, but also in the ability of farmers to absorb, process, and apply knowledge related to that technology effectively. Thus, absorptive knowledge capability is a key factor in determining how much technology can contribute to increasing farmer income in Lamuk Village.

Based on the analysis results in Table 6, the absorptive knowledge capability variable has a positive and significant effect on farmer income, thus accepting the third hypothesis (H3). This study aligns with research by Sari & Widodo (2019), which found that the ability to absorb and utilize knowledge positively impacts performance and income. However, this differs from research by Fitriani et al. (2020), which found that this capability did not significantly impact farmer income.
According to Fathi & Iskandar (2024), in the context of business development, an individual's ability to absorb, understand, and apply new knowledge is a crucial factor in increasing the utility and yield of an economic activity. In the agricultural context, absorptive knowledge capability is a key determinant in optimizing the use of technology, information, and more effective cultivation practices, thereby increasing farmer incomes.

These results indicate that absorptive knowledge capability has a positive effect on the income of farmers in Lamuk Village. This suggests that farmers who are better able to understand and apply new knowledge tend to earn higher incomes. This capability is reflected in how farmers are able to adopt technology, select superior seeds, and apply appropriate cultivation techniques. Farmers who are able to access agricultural information, keep up with technological developments, and apply them optimally will produce higher quality output with higher sales value. Thus, absorptive knowledge capability is a key factor in determining the income level and economic well-being of farmers in Lamuk Village.

CONCLUSION

Based on results research, it is recommended that the government village and service related strengthening literacy and mentoring programs agriculture through routine counseling, training technology, as well as mapping potential land For increase productivity and income farmers. In addition, it is necessary support access financing from institution finance through scheme more credit flexible and educational management finance. On the other hand, farmers expected more proactive in utilise technology, optimizing management land, as well as strengthen Work The same through group farming to improve efficiency production and power competitiveness. Research furthermore recommended For add other variables such as market access, infrastructure, education, and capital, as well as use approach more methods comprehensive.

Study This own limitations, including the use of potential questionnaire No fully reflect condition real as well as measurement variables that are subjective based on perception respondents. Therefore that, research upcoming expected can do data collection direct (face to face) face) so that the response more accurate, and explore other variables such as quality source Power human, system marketing, and factors external like climate For get greater understanding deep about factors that influence income farmer.

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