MODELLING ORGANIZATIONAL PERFORMANCE MANUFACTURING COMPANIES IN INDONESIA: FEATURE EXTRACTION

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ABSTRACT

Purpose: The purpose of this research is to investigate the effect of knowledge sharing and Organizational Learning on Innovation and Organizational Performance, the innovation role as a mediator of knowledge sharing and Organizational.

Theoretical framework: Good organizational learning affects organizational performance (Kittikunchotiwut, 2020). Besides, the company need not only source for information from the external environment. Rather, it also needs to search internally to create new ideas and organizational learning conducive and acceptable to the employees (Millmore, 2007). knowledge sharing in the organization ultimately contributes to employee performance Buckley & Carter (2002).

Design/methodology/approach: This is causality research with a sample comprising of 217 managers of manufacturing companies in East Java, Indonesia. Primary data were obtained using an instrument in the form of a questionnaire and analyzed using the PLS-SEM approach. Structural equation modeling is employed to explain the relationship between variables and the mediating effects.

Findings: The results showed knowledge sharing and organizational learning had a direct effect on innovation and organizational performance. Furthermore, the findings illustrate that innovation was able to mediate the impact of organizational learning on organizational performance, but was unable to mediate knowledge sharing on organizational performance.

Research, Practical & Social implications: Knowledge sharing, organizational learning and innovation have been proven to improve organizational performance. Moreover, the managers need to convey a clear message to employees that the organization feels responsible for and appreciates them. The next step of this research topic are investigating spatial factor and changing in social live regarding with organizational performance.

Originality/value: This reasearch focusses on studying effect of knowledge sharing and Organizational Learning on Innovation and Organizational Performance, the innovation role as a mediator. The higher the implementation of organizational learning and knowledge sharing, the higher the performance will be. The implementation of knowledge sharing in organizations causes employees to directly interact with their most knowledgeable colleagues, thereby acquiring new ideas and ultimately embracing innovation.

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MODELAGEM DE DESEMPENHO ORGANIZACIONAL DE EMPRESAS DE MANUFATURA NA INDONÉSIA: EXTRAÇÃO DE RECURSOS

RESUMO
Objetivo: O objetivo desta pesquisa é investigar o efeito do compartilhamento do conhecimento e da aprendizagem organizacional na inovação e no desempenho organizacional, o papel da inovação como mediadora do compartilhamento do conhecimento e organizacional.
Referencial teórico: A aprendizagem organizacional é um aspecto fundamental da criatividade da empresa, pois o desenvolvimento de novas ideias ou princípios é considerado necessário para a criação de novos bens antes dos procedimentos (Kittikunchotiwut, 2020). Uma boa aprendizagem organizacional afeta o desempenho organizacional. Além disso, a empresa não precisa apenas de fontes de informações do ambiente externo. Em vez disso, também precisa buscar internamente para criar novas ideias e aprendizado organizacional propício e aceitável para os funcionários (Millmore, 2007). O compartilhamento do conhecimento na organização acaba contribuindo para o desempenho do funcionário Buckley & Carter (2002) afirmaram que o conhecimento desempenha um papel importante em uma organização porque é uma combinação de informação e o contexto humano que aumenta a capacidade de agir
Desenho/metodologia/abordagem: Esta é uma pesquisa de causalidade com uma amostra composta por 217 gerentes de empresas de manufatura em East Java, Indonésia. Os dados primários foram obtidos por meio de instrumento na forma de questionário e analisados pela abordagem PLS-SEM. A modelagem de equações estruturais é empregada para explicar a relação entre as variáveis e os efeitos mediadores.
Resultados: Os resultados mostraram que o compartilhamento do conhecimento e a aprendizagem organizacional tiveram um efeito direto na inovação e no desempenho organizacional. Além disso, os resultados ilustram que a inovação foi capaz de mediar o impacto da aprendizagem organizacional no desempenho organizacional, mas não foi capaz de mediar o compartilhamento de conhecimento no desempenho organizacional.
Pesquisa, implicações práticas e sociais: Esta pesquisa tem importantes implicações práticas no que diz respeito à relevância da implementação do compartilhamento de conhecimento nas empresas. Compartilhamento de conhecimento, aprendizado organizacional e inovação comprovadamente melhoram o desempenho organizacional. Comunicação realista, relacionamentos humanos, aumento da confiança mútua, construção de relacionamentos de mentoria com supervisores, suporte organizacional, compartilhamento de informações, razoabilidade percebida, relaxamento, gerenciamento de tempo, consciência relacionada ao trabalho ajudam os gerentes a melhorar seu desempenho. Além disso, os gerentes precisam transmitir uma mensagem clara aos funcionários de que a organização se sente responsável e os aprecia. O próximo passo deste tópico de pesquisa é investigar o fator espacial e a mudança na vida social em relação ao desempenho organizacional.
Originalidade/valor: Quanto maior a implementação do aprendizado organizacional e compartilhamento de conhecimento, maior será o desempenho. Incita as empresas a melhorar a qualidade do seu desempenho, conseguindo assim uma vantagem competitiva. A implementação do compartilhamento de conhecimento nas organizações faz com que os funcionários interajam diretamente com seus colegas mais conhecedores, adquirindo novas ideias e, por fim, adotando a inovação. Além disso, as empresas que implementam a gestão do conhecimento são altamente bem-sucedidas em termos de inovação de produtos e novos desenvolvimentos no mercado

Palavras-chave: Compartilhamento de Conhecimento, Desempenho Organizacional, Aprendizagem Organizacional, Inovação.

MODELADO DE EMPRESAS DE FABRICACIÓN DE DESEMPEÑO ORGANIZACIONAL EN INDONESIA: EXTRACCIÓN DE CARACTERÍSTICAS

RESUMEN
Propósito: El propósito de esta investigación es investigar el efecto del intercambio de conocimientos y el aprendizaje organizacional sobre la innovación y el desempeño organizacional, el papel de la innovación como mediador del intercambio de conocimientos y la organización.
Marco teórico: El aprendizaje organizacional es un aspecto fundamental de la creatividad empresarial, porque el desarrollo de nuevas ideas o principios se considera necesario para la creación de nuevos bienes antes de los procedimientos (Kittikunchotiwut, 2020). Un buen aprendizaje organizacional afecta el desempeño organizacional. Además, la empresa no solo necesita una fuente de información del entorno externo. Más bien, también necesita buscar internamente para crear nuevas ideas y aprendizaje organizacional conducente y aceptable para los empleados (Millmore, 2007). Compartir el conocimiento en la organización contribuye en última instancia al desempeño de los empleados. Buckley y Carter (2002) afirmaron que el conocimiento juega un papel importante en una organización porque es una combinación de información y el contexto humano que mejora la capacidad de actuar.

Metodología: Esta es una investigación de causalidad con una muestra compuesta por 217 gerentes de empresas manufactureras en Java Oriental, Indonesia. Los datos primarios se obtuvieron mediante un instrumento en forma de cuestionario y se analizaron mediante el enfoque PLS-SEM. El modelo de ecuaciones estructurales se emplea para explicar la relación entre las variables y los efectos mediadores.
Conclusiones: Los resultados mostraron que el intercambio de conocimientos y el aprendizaje organizacional tenían un efecto directo en la innovación y el desempeño organizacional. Además, los hallazgos ilustran que la innovación pudo mediar el impacto del aprendizaje organizacional en el desempeño organizacional, pero no pudo mediar el intercambio de conocimientos en el desempeño organizacional.
Implicaciones de la Investigación: esta investigación tiene importantes implicaciones prácticas con respecto a la relevancia de implementar el intercambio de conocimientos en las empresas. Se ha demostrado que el intercambio de conocimientos, el aprendizaje organizacional y la innovación mejoran el desempeño organizacional. La comunicación realista, las relaciones humanas, el aumento de la confianza mutua, la creación de relaciones de tutoría con los supervisores, el apoyo organizacional, el intercambio de información, la sensatez percibida, la relajación, la gestión del tiempo y la conciencia relacionada con el trabajo ayudan a los gerentes a mejorar su desempeño. Además, los gerentes deben transmitir un mensaje claro a los empleados de que la organización se siente responsable por ellos y los aprecia. El siguiente paso de este tema de investigación es investigar el factor espacial y el cambio en la vida social con respecto al desempeño organizacional.
Originalidad/valor: cuanto mayor sea la implementación del aprendizaje organizacional y el intercambio de conocimientos, mayor será el rendimiento. Incita a las empresas a mejorar la calidad de su desempeño, logrando así una ventaja competitiva. La implementación del intercambio de conocimientos en las organizaciones hace que los empleados interactúen directamente con sus colegas más informados, adquiriendo así nuevas ideas y, en última instancia, adoptando la innovación. Además, las empresas que implementan la gestión del conocimiento tienen un gran éxito en términos de innovación de productos y nuevos desarrollos en el mercado.

Palabras clave: Intercambio de Conocimientos, Desempeño Organizacional, Aprendizaje Organizacional, Innovación.

INTRODUCTION

Organizational success is determined by the extent a company is able to achieve a comparative and sustainable result, as well as the role of the manager in facing global competition. This raises various indications, the difference in domestic competition, including the existence of uncertainty, rapid changes that are difficult to predict, economic liberalization, and global complexity.

A learning organization is a company skilled at creating, acquiring, and transferring knowledge, thereby thinking and acting in response to various changes. In this context, the company is expected to have a system that allows all employees to learn continuously (Sumiati, 2020)(Almulhim, 2020). This is because a learning organization is an integrative system implemented in the workplace to support employee learning processes. It implies that learning is a prerequisite for an organization's successful performance (Rose, Kumar, & Pak, 2009).

According to Keban (2004), organizational performance describes the extent to which a group has executed all its major goals, thereby achieving the institution's vision and mission. Furthermore, Hamon (2003) and Ho (2011) reported that it is an indicator that measures the extent to which companies are able to achieve their goals. An ideal method to measure organizational performance involves the use of a balanced scorecard. The research carried out

by Rasula, Vuksic, & Stemberger (2012) used the balanced scorecard concept to measure organizational performance. This measurement is carried out by distributing questionnaires to employees in companies spread across Slovenia and Croatia. Gochhait, Tripathy, and Almeida (2014) also measured organizational performance using a similar concept involving the distribution of questionnaires to managers. These previous studies have proven that several organizations have used the balanced scorecard to measure organizational performance.

LITERATURE REVIEW

Organizational Performance

Performance is described as the effective execution of activities that contribute to the organization's operations. Employee performance refers to their contribution to the development and sustainability of the organization's projects. This is further divided into sustainable performance tasks and sustainable performance relationships. Sustainable performance task refers to the extent to which employees realize credible development by fulfilling their duties. Meanwhile, sustainable performance relationships refer to the extent to which employees contribute to developing a credible organizational project. Bohlander & Snell (2014) stated that performance appraisal is the annual, biennial, or quarterly review, in which a manager evaluates an employees' performance relative to their job requirements and uses that information to show them areas that need improvement. It is part of the performance management process, which aims to align employee goals with the company, thereby providing constant feedback on the job and rewarding them. With respect to development, the assessment of organizational performance involves the use of both financial and non-financial factors. Kaplan & Norton (1996) stated that a company's performance is measured by using the modern calendar scorecard.

The assessment of performance determines the business unit from 4 perspectives, namely financial, customer, internal business services, as well as learning and growth processes. Based on the research carried out by Rasula et al., (2012), organizational performance was measured using the balanced scorecard concept. This measurement was performed by distributing questionnaires to employees in companies spread across Slovenia and Croatia. Gochhait et al. (2014) also measured organizational performance using a similar concept involving the distribution of questionnaires to managers.

These previous studies have proven that several organizations have used the balanced scorecard to measure organizational performance. Mulyadi (2001) further stated that the balanced scorecard concept was developed in line with its implementation. A balanced

scorecard consists of two terms balanced and scorecard. The scorecard is used to record an individual's performance and to calculate the scores intended to be awarded to the individual in the future. The intended scores are then compared with the actual results. The outcome is used to evaluate the performance of the personnel concerned.

Meanwhile, the word balanced implies that a personnel's performance is measured in a certified manner based on 2 aspects, financial and non-financial, short and long term, internal and external. Mulyadi (2001) stated that the advantage of a balanced scorecard approach is that it is able to produce a strategic plan with the following characteristics Comprehensive, Coherent, Balanced, and Measurable. This method provides a comprehensive framework for translating the vision into strategic objectives. Kaplan & Norton (1996) carried out a study using 4 perspectives, namely financial, customer, internal business processes, as well as learning and growth. A summary of the descriptions of the 4 perspectives is stated as follows, Financial Perspective, Customer Perspective, Internal Business Process, Learning, and Growth.

Organizational Learning

According to Marquardt (2011), "organizational learning is the process of collectively and continually creating, retaining and transferring knowledge within a company to effectively collect, manage, and use the acquired expertise for corporate success." It plays an important role in encouraging employees to develop their knowledge. However, an organization's inability to encourage knowledge development dissuades employees from carrying out learning activities. The emergence of a knowledge-based economy has forced organizations to adopt a knowledge management approach, thereby abandoning traditional perspectives. Senge (2006) stated that organizational learning is a company that motivates employees to continually broaden their abilities, learn to achieve the results they desire, including the discovery of new patterns and thinking extensively. Organizational learning is a fundamental aspect of firm creativity, because the development of new ideas or principles is deemed necessary for the creation of new goods before procedures (Kittikunchotiwut, 2020).

The global business environment is increasingly competitive; as a result, firms need to be proactive and able to resist the competition in order to be successful. (Baa. 2022). Good organizational learning affects organizational performance. Besides, the company need not only source for information from the external environment. Rather, it also needs to search internally to create new ideas and organizational learning conducive and acceptable to the employees (Millmore, 2007). Moreover, it is impossible for any organization to be successful by failing to embrace change and considering only financial and performance quality criteria.

The findings of previous researchers Nafei (2015); Ramírez, Morales, and Rojas (2011) that organizational learning affects organizational performance. Organizational learning enables an organization to improve the quality and quantity of its performance and to achieve a competitive advantage.

Knowledge Sharing

Buckley & Carter (2002) stated that knowledge plays an important role in an organization because it is a combination of information and the human context that enhances the ability to act. Jennex & Olfman (2006) stated that it is only valuable when combined with experience and interpretation. Based on the aspects of effectiveness and practicality, Lumby (2013) stated that knowledge management is an increase in the quality and quantity of creative knowledge in an organization in order to strengthen its practicality and value. Meanwhile, Biasutti & EL-Deghaidy (2012) described it as an aspect that improves operations' efficiency and competitiveness through acquisition, sharing, and application to achieve organizational goals and develop a knowledge-sharing culture in the company, as well as encourage organizational learning.

The most important aspect of knowledge management is to encourage individuals in the organization to share knowledge. It plays a relevant role in boosting individual competence in organizations because tacit and explicit knowledge tends to be properly disseminated, implemented, and developed. Knowledge sharing system has provided many opportunities for organizations in developed societies to achieve competitive progress through sharing of technology, means of production, and new work methods that have contributed to reducing costs and thus increasing profits (Majeed & Kadhun, 2022).

The role of knowledge sharing in the organization ultimately contributes to employee performance. Matzler, Renzl, Müller, Herting, & Mooradian (2008) described knowledge sharing as a process where individuals tacitly and explicitly exchange knowledge. Several previous studies carried out by Zaied, Hussein, & Hassan (2012), Kuzu & Ozilhan (2014) and Obeidat, Alrowwad, Tarhini, & Aqqad (2017) stated that knowledge sharing has a significant and positive effect on performance. However, the different studies carried out by Wahyuni & Kistyanto (2013) stated that knowledge sharing has no effect on performance

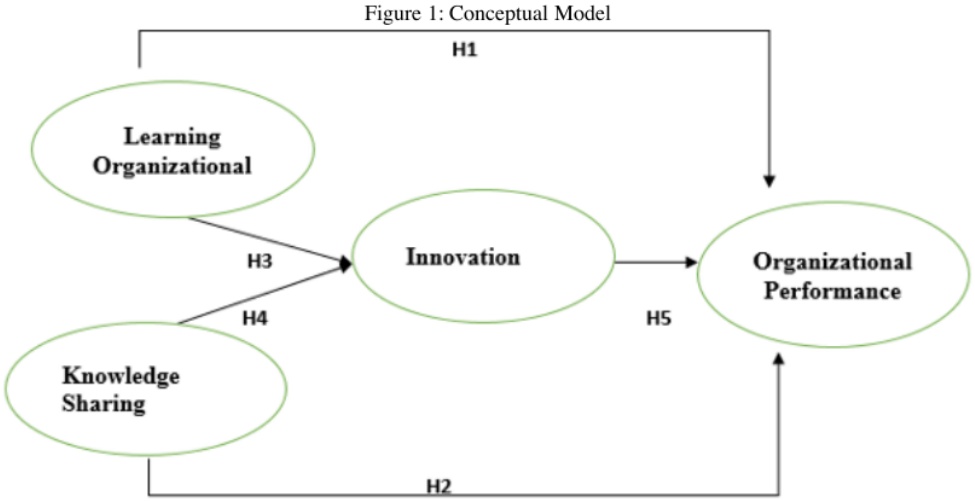
Innovation

Innovation is often translated as any new or updated method, idea, product, etc. It is also interpreted as new ideas or approaches adopted to solve a particular problem in certain

social situations. The study carried out by Blommerde & Lynch (2014) reviewed the theme related to the dynamics of capabilities needed in developing service innovation. Meanwhile, Giannopoulou, Ystrom, & Ollila (2011) reported that it is regarded as the ability to create solutions that were not previously accessible to customers by adding or changing the service concept. Den Hertog, Van der Aa, & De Jong (2010) defined service innovation as "new ideas or intangibles, derived from a combination of existing concepts (sometimes in combination with physical objects) that converge and provide a new value proposition for clients." Van Ark, Inklaar, & McGuckin (2003) also carried research relating service innovation to organizational dimensions, which led to the occurrence of certain concepts, client interaction channels, partnerships, or system service delivery. Furthermore, the studies carried out by Jo & Joo (2011), Rose et al., (2009), stated that learning organization has a positive and significant influence on knowledge sharing and performance. These are inconsistent with the studies carried out by Liao (2006), which stated that the indicators of commitment to organizational learning have an insignificant effect on knowledge sharing and performance.

Conceptual Model

Figure 1: Conceptual Model



Source: Researchers own construction

H1: Organizational Learning has an effect on Organizational Performance.

H2: Knowledge Sharing has an effect on Organizational Performance.

H3: Organizational Learning has an effect on Innovation

H4: Knowledge Sharing has an effect on Innovation

H5: Innovation has an effect on Organizational Performance

H6: Knowledge Sharing has an indirect effect on Organizational Performance through Innovation.

H7: Organizational Learning has an indirect effect on Organizational Performance through Innovation.

METHODOLOGY

This associative method is applied in this paper. The population consist of managers of manufacturing companies in Surabaya, East Java, Indonesia. Sampling was carried out using no probability and purposive techniques. The number of samples that met the inclusion criteria was 217 respondents.

The data collection techniques consist of distributing questionnaires to respondents to obtain detailed information about the investigated problem. The basic theories of learning organization variables, knowledge sharing, innovation, and organizational performance refer to Senge (2006), Hooff & Ridder (2004), Popadiuk & Choo (2006), and Kaplan & Norton (1996), respectively. A Likert scale was used to evaluate the variables according to items within the range of 1 to 5 (Sekaran, 2003).

This study also adopted quantitative analysis, including the PLS-SEM approach, because these concepts were previously used to test the modified results of several research models to provide an overview of the investigated variables (Garson, 2016). The constructive measurement criteria are based on the following conditions, namely the AVE value, which is > 0.50 (Hair, Sarstedt, Hopkins, & Kuppelwieser, 2014), the composite reliability value (CR> 0.6), and the Cronbach alpha value> 0.5 (Chin, 1998). (Hair et al., 2014).

RESULT AND DISSCUSSION

In order to fulfill the requirement, the variables are tested by using Cronbach's Alpha where the result should be greater than $\alpha > 0.60$. Furthermore, the composite reliability results are stated to be accurate, assuming the value is greater than 0.70. Moreover, another measure of convergent validity is the Average Variance Extracted (AVE) value, which describes the amount of variance or variety of manifest variables a latent construct possesses. The AVE value for all variables in this research is greater than the correlation between the latent types. Therefore, the instrument is declared valid, assuming the AVE value is > 0.5. The results of the reliability and validity of the constructs are shown in Table 1.

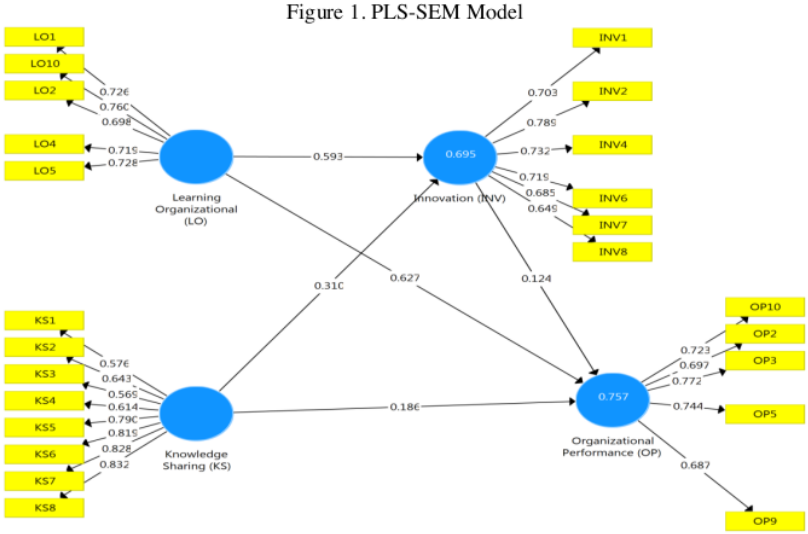
Table 1: Construct Reliability and Validity

Variable	Cronbach's Alpha	Composite Reliability	AVE
Innovation (INV)	0.807	0.862	0.510
Knowledge Sharing (KS)	0.860	0.892	0.515
Learning Organizational (LO)	0.776	0.848	0.528
Organizational Performance (OP)	0.776	0.847	0.526

Source: Prepared by the authors (2022)

By this result Partial Least Structural Equation Modelling is built. PLS model is shown in Figure 1.

Figure 1. PLS-SEM Model



Source: Prepared by the authors (2022).

Table 2: The results of the direct and the indirect effect hypothesis test

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	statistics (|O/STDEV|)	P Values
Innovation -> Organizational Performance	0.124	0.124	0.051	2.445	0.015
Knowledge Sharing -> Innovation	0.310	0.311	0.065	4.786	0.000
Knowledge Sharing -> Organizational Performance	0.186	0.190	0.049	3.838	0.000
Learning Organizational -> Innovation	0.593	0.591	0.065	9.140	0.000
Learning Organizational -> Organizational Performance	0.627	0.623	0.056	11.259	0.000
Knowledge Sharing -> Innovation -> Organizational Performance	0.038	0.039	0.020	1.954	0.051
Learning Organizational -> Innovation -> Organizational Performance	0.073	0.072	0.029	2.539	0.011

Source: Prepared by the authors (2022).

The results of the direct-effects test are shown in Table 2. The findings illustrate that organizational learning has a significant effect on organizational performance (p-value = 0.015), therefore, statistically, H1 is accepted. Knowledge sharing has a significant effect on organizational performance (p-value = 0,000), therefore statistically H2 is accepted. Organizational learning has a significant effect on innovation (p-value = 0,000), therefore statistically H3 is accepted. Knowledge sharing has a significant effect on innovation, (p-value =0.000), therefore statistically H4 is accepted. Innovation has a significant effect on organizational performance, (p-value = 0,000), therefore statistically, H5 is accepted. The results of the indirect-effects test are shown in Table 3. The findings show that innovation is incapable of acting as a mediator between knowledge sharing and organizational performance (p-value 0.051> 0.05), therefore statistically H6 is rejected. Innovation is able to act as a mediator between organizational learning and organizational performance (p-value = 0.011), therefore statistically, H7 is accepted.

DISCUSSION

The improvement of organizational performance is formed through effective organizational learning and knowledge sharing. The higher the implementation of organizational learning and knowledge sharing, the more it improves performance. It also incites companies to improve the quality of their performance to achieve a competitive advantage. This research is consistent with Ramirez Jr, Bryant, & Marmo (2011) findings, which stated that learning organization affects organizational performance. However, it is inconsistent with the research carried out by Gomes & Wojahn (2017), which stated that learning organization has no effect on organizational performance. According to Senge (2006), organizational learning is a company that motivates employees to continually broaden their abilities, learn to achieve the results they desire, including the discovery of new patterns and thinking extensively. Moreover, supposing an organization's managers continue to carry out this learning process, share knowledge, and work together in groups tends to boost human resources' capability and expertise in creating innovations that ultimately improve organizational performance.

This research is consistent with the study carried out by Rasula et al., (2012), which stated that knowledge management positively affects organizational performance. Muthuveloo, Shanmugam, & Teoh (2017) also emphasized that tacit knowledge management has a significant influence on organizational performance. However, Salama (2017) reported that knowledge management has an insignificant effect on organizational performance. The

research carried out by Mills & Smith (2011) also stated that it has an indirect effect on organizational performance. According to Millmore (2007), adopting knowledge management seeks to capture, disseminate, and utilize existing knowledge to generate new ones to maintain a company's competitive position and promote innovative behavior.

The more organizational learning, the greater the innovation. This study is consistent with the research carried out by Martín-de Castro et al., (2011), which stated that organizational learning is positively related to innovation. Similarly, Ugurlu & Kurt (2016) reported that the organizational learning capability dimension positively affects product innovation performance. Kiziloglu's (2015) research reinforces previous findings, which stated that, generally, there is a positive relationship between organizational learning and innovation. Managers believe that it is impossible for any organization to be successful by failing to embrace change and considering only financial and performance quality criteria. Therefore, companies need to always carry out continuous learning in order to be innovative at all levels.

Knowledge sharing carried out by organizations boosts innovation. This is consistent with the findings of Bacera, Fernandez, & Sabherwal (2010), which stated that knowledge management benefits organizations, including people, processes, products, and performance. These results are consistent with the research carried out by Chang & Lee (2008), which stated that it has a significant and positive effect on innovation. Furthermore, Obeidat, Al-dalahmeh, & Masa'deh, (2015) also reported that knowledge management has a positive and significant effect on innovation. In an organization, employees directly interact with their most knowledgeable colleagues, thereby acquiring new ideas and ultimately embracing innovation. On the contrary, Cantner, Joel, & Schmidt (2011) discovered that knowledge management significantly boosts the success of product innovation and new items in the market.

This implies that companies that implement Knowledge Management tend to be extremely successful in product innovation and new developments. This is also consistent with the research carried out by Abdi & Senin (2015), which stated that knowledge management has a significant influence on innovation. Subsequently, innovation has a significant influence on organizational performance. This implies that it plays a relevant role in improving organizational performance. This is consistent with the studies carried out by Keskin (2006) and Ho (2011), which stated that innovation positively and significantly affects organizational performance. This indicates that innovation plays an extremely important role in the company because it has a major effect on Organizational Performance. Besides, companies need to follow market developments and environmental changes by creating innovations in the form of new

products or services that aids in the improvement of Organizational Performance to compete and survive.

This finding indicates the indirect effect of organizational learning on organizational performance through innovation. This implies that innovation acts as a mediator between Organizational Learning on Organizational Performance. This is consistent with the studies carried out by Noruzy, Dalfard, Azhdari, Nazari-Shirkouhi, & Rezazadeh (2013) and Aragón-Correa, García-Morales, & Cordón-Pozo (2007), which stated that organizational learning has an indirect and positive effect on organizational performance through innovation.

Therefore, innovation acts as a bridge that links organizational learning to organizational performance. Conversely, the application of organizational learning has an impact on organizational performance by producing innovative processes and products and being able to compete with other competitors. In other words, innovation plays an important role in improving organizational performance. This is consistent with the research carried out by Keskin (2006), which stated that innovation has a positive effect on organizational performance. However, it was unable to prove the role of innovation as a mediator between Knowledge Sharing and Organizational Performance. These results contradict the studies carried out by Noruzy et al., (2013) and Gochhait et al. (2014), which stated that knowledge management has a positive and indirect effect on organizational performance. Therefore, innovation acts like a bridge linking knowledge management with organizational performance, thereby creating new ideas. Finally, organizations need to understand the process of creating knowledge management capabilities

CONCLUSION

The improvement of organizational performance is formed through knowledge sharing and effective organizational learning. The higher the implementation of organizational learning and knowledge sharing, the higher the performance will be. It incites the companies to improve the quality of their performance, thereby achieving a competitive advantage. The implementation of knowledge sharing in organizations causes employees to directly interact with their most knowledgeable colleagues, thereby acquiring new ideas and ultimately embracing innovation. Furthermore, companies that implement knowledge management are highly successful in terms of product innovation and new developments in the market. Innovation plays an important role in the organization in order to create new ideas. Therefore, the organization needs to possess adequate knowledge of innovation. They also need to understand the process of creating the capabilities of knowledge management.

This research has important practical implications regarding to the relevance of implementing knowledge sharing in companies. Knowledge sharing, organizational learning and innovation have been proven to improve organizational performance. Realistic communication, human relationships, increasing mutual trust, building mentoring relationships with supervisors, organizational support, sharing information, perceived reasonableness, relaxation, time management, work-related awareness help the managers to improve their performance. Moreover, the managers need to convey a clear message to employees that the organization feels responsible for and appreciates them. The next step of this research topic are investigating spatial factor and changing in social live regarding with organizational performance.

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