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Multi Analysis through Smart-PLS: Measuring of Organizational Performance Interplay

Syed Muhamad Basit Raza Bukhari* Tasawar Javed† Aemin Nasir‡

Abstract *This study investigated the role of dynamic capability as a mediator between knowledge management practices (KMPs) and organizational performance. Smart-Pls was used to test the proposed hypotheses through structural equation modeling on gathered data of 400 SME organizations of Pakistan. The findings show that knowledge sharing behavior and absorptive capacity has a positive impact on dynamic capabilities and organizational performance. Innovative capacity has an insignificant impact on organizational performance, and knowledge-sharing behavior has an insignificant impact on organizational performance through dynamic capabilities. This study will be prospectively helpful for academics, policymakers, economists, and managers. This study enlightens the performance.*

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Introduction

Organizations have an essential role in daily lives, and constant performance is the emphasis of any organization because organizations grow and progress through performance (Becker & Gerhart, 1996). Defining organizational performance specifically is difficult because it has various meanings. Due to this, the notion of organizational performance is operationally defined in the literature. A study (Abuaddous, Al Sokkar, & Abualodous, 2018) established a finding that constructive and significant relationship between organizational entities, capacities to overpower pressure and simultaneously participate in the upsetting invention (exploration) and incremental invention (exploitation). Organizational researches comprise various areas of firms that contract with different parts of organizations to facilitate learners and provide alternative ways of understanding (Alaarj, Abidin-Mohamed, & Bustamam, 2016).

Organizations that are skilled and capable of learning the fundamentals of management are called "learning organizations," and the organization which prefers to learn shows better performance (Dada & Fogg, 2016). Apart from increasing organizational performance, including a developing approbation of its significance to organizational skills, capabilities. It is also observed that uncertainty remains among several aspects that increase a yearning to learn (i.e., organizational ideologies), contrasted with information-seeking behaviors that enable the organization to learn and perform well. The variation in organizational structures, processing, and market performances that mirror organizational performance (i.e., organizational deeds, actions) about organizational interrelationships (Farzaneh, Ghasemzadeh, Nazari, & Mehralian, 2020).

For having competitive and viable advantages, it is essential but inadequate for

* PhD, Management Science and Engineering, School of Management, Jiangsu University, Zhenjiang, China. Email: mailmbasit@gmail.com
† Assistant Professor, Institute of Business, Management and Administrative Sciences, The Islamia University of Bahawalpur, Punjab, Pakistan.
‡ PhD, Management Science, School of Business Management, University Utara, Malaysia.

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organizations to depend on staff and training system, or helping staff, who emphasize on recruiting trained, skillful employees who have specific knowledge, competencies, and abilities acquire them, for the organizational performance (Becker & Gerhart, 1996). Following the theory of knowledge-based view (KBV), the foundation of an organization's performance is based on its capability to invent, generate, assemble, combine and utilize knowledge. Consequently, in this knowledge economy phase, knowledge is considered as a strategic source, which is important for an organization's talent and capability to create, generate and compete. An organization's knowledge is often formed through internal formation or external achievements (Farzaneh et al., 2020).

We are surviving in an industrial society in which knowledge accessible to the organizations has become a strategically essential source. According to the firm's views which are based on information and knowledge, these fundamentals are the ultimate primary drivers for the competitive advantages of an organization (Alaarj et al., 2016). However, characteristically knowledge is inherent and integral within individuals and precisely in the team and employees who invent, create, distinguish, record, and file data, access, and apply gained knowledge in completing their tasks (Farzaneh et al., 2020). Therefore, the connection between knowledge across employees and organizational boundaries, organizational schedules, depositories, repositories, organizational schedules, and practices eventually relies on members' knowledge-sharing behaviors. This thoughtful choice to indifferent organizational performance is difficult to detect (Alaarj et al., 2016).

Knowledge sharing and exchanging within an organization enhance organizational performance; when knowledge sharing is restricted to the boundaries of an organization, probably the gaps ascend, and the probability increases that organizations will produce less than the desired products (Eikelenboom & de Jong, 2019). The knowledge-sharing behavior within an organization enhances organizational innovation and absorptive capacity; the capabilities and capacities of an organization affect directly and indirectly organizational performance (Falahat, Ramayah, Soto-Acosta, & Lee, 2020). The researchers say organizational performance is enhanced through knowledge-sharing behavior.

The researchers notified that a firm's remaining connected knowledge, such as fundamental abilities and communal languages, will affect the appreciation of knowledge significance, knowledge assimilation, integration, utilization, and innovation (Hervás-Oliver, Parrilli, Rodríguez-Pose, & Sempere-Ripoll, 2021). The outlined innovative capacity as a consistent improvement and upgrading of capabilities and incomes that an enterprise proceeds to discover, create and exploit opportunities for emerging new items to meet market standards and for the organization (González-Serrano, Añó Sanz, & González-García, 2020). The capacity to continuously come up with innovative ideas by SME entrepreneurs helps an organizations to produce new items and deliver long- and short-term benefits (Ferreira, Cardim, & Coelho, 2021).

The absorptive capacity refers to categorize the abilities to categorize, assimilate, and utilize the significance of knowledge (Shu, Fei, & Chen, 2007). The indicated that absorptive capacities are a combination of three basic abilities, which are categorized as useful peripheral knowledge, understanding of knowledge, and integrating the innovative knowledge to utilize it to commercial ends for organizational performance (Kurniawan, Hartati, Qodriah, & Badawi, 2020). However, an organization's knowledge absorptive capacity is essential for manufacturing value within the organization. Absorptive capacity refers to "the capability of an organization to identify, observe and learn the worth of new and external information, adapt and assimilate and apply to commercial ends." Absorptive capacity has become a familiar and renowned notion in multiple disciplines of organizational research (Khan et al., 2017).

The outlined dynamic capabilities as an organization's capacity to assimilate, build, figure, and reconfigure internal and external abilities to discover rapid changes in the environment of the organization and organizational performance (Jiang, Chai, Shao, & Feng, 2018). The researchers identify dynamic capabilities as a cultured and stable form of shared activity through which an organization thoroughly produces, amends, and enhances organizational performance. The dynamic capabilities enable an organization to utilize firm resources eventually by creating, designing, and

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modifying resources in order to match market challenges (Jantunen, Puumalainen, Saarenketo, & Kyläheiko, 2005).

The organizational and entrepreneurial performance is linked with each other and based on dynamic capabilities, which work tighter to generate profit and also play a vital role in the economic growth of the country (Ferreira et al., 2021). The current research contributed to exiting scientific research by exploring the impact of absorptive capacity (AC), knowledge sharing behavior (KSB), and innovative capacity (IC) on organizational performance (EP) through dynamic capabilities (DCs) as mediators. This research is to explore the role of dynamic capabilities as a mediator in-between knowledge sharing behavior, absorptive capacity, and innovative capacity on organizational performance (Ferreira & Coelho, 2020).

The research will explore: How absorptive capacity, innovative capacity, knowledge sharing behavior, and dynamic capabilities contribute to the organizational performance of SME entrepreneurs of Pakistan. The purpose of the study is to examine the direct and indirect impact of knowledge sharing behavior on organizational performance and through dynamic capabilities as mediator: to assess the relationship of innovative capacity and OP directly and indirectly through mediation as dynamic capabilities: to explore the impact of absorptive capacity on OP through dynamic capabilities as mediator (Božič & Dimovski, 2019).

The research was conducted on SMEs taken from different six big cities of Pakistan e.g., Hyderabad, Shukkar, Karachi, Rahim Yar Khan, Bhawalpur, and Multan, with a sample size of 400 from the population. This study is conducted first time in Pakistan with a large number of data to contribute to existing scientific knowledge in the SME organizations. To explore the selected variables, Structural Equation Modeling (SEM) technique is used. SEM technique is used to measure latent variables' empirical and causal models. The result shows a positive relation of knowledge sharing behavior, absorptive and innovative capacity on organizational performance directly and through dynamic capacity as a mediator. The paper is furthermore divided into five sections, Section 1 includes history and background of selected variables, section 2 covers the theoretical framework and hypotheses development, section 3 comprises research model, construct measurements, data collection and analysis with methodology, section 4 elaborate measurement and structural models and last section 5, contain discussion, the implication for practice, limitation and future research and conclusion.

Theories and Hypotheses Development

To illustrate the relationship and concept of knowledge sharing behavior (KSB), innovative capacity (IC), absorptive capacity (AC), and dynamic capabilities (DCs) with organizational performance, this study evaluated organizational performance with dynamic capabilities, knowledge sharing behavior, innovative and absorptive capacity by different theories; theory of planned behavior (TPB) and theory of reasoned action (Lam, Nguyen, Le, & Tran), which specify different behaviors and measure organizational performance (Ardichvili, Cardozo, & Ray, 2003). The theory of planned behavior and theory of reasoned action was found to be beneficial for the wide range of behaviors in social settings, which helps to understand the situation of an organization for competitive advantage (Grant, 1991). The economic exchange theory (EET) says, people adopt knowledge-sharing behavior and share their information when the knowledge is exceeded its costs or for personal interest (Alvarez & Busenitz, 2001).

Knowledge Sharing Behavior, Dynamic Capabilities, and Organizational Performance

The researcher defined knowledge-sharing behavior as the first and foremost step towards success; he also explained sharing of knowledge is a human activity that allows individuals to understand the individuals by comparing their two knowledge-sharing systems (Abuaddous et al., 2018). Generally, various contextual features negatively influence the triumph of knowledge sharing behaviors or systems, such as workflow issues, the domain of shared documents, and devotion to team building (Alaarj et al., 2016). In an organization, the trend of sharing knowledge is limited, creating gaps internally with employees and across the organization, which affects the organizational performance. Moreover, many organizations intentionally bound knowledge sharing because they are concerned about distracting or overloading staff, receiving threats linked with industrial espionage

and work-related attention. Many managers identify that sharing knowledge behavior constructed on information is essential in business, entrepreneurial, and organizational performance (Azaizah, Reychav, Raban, Simon, & McHaney, 2018). This motivational behavior would help them to develop a more encouraging and constructive attitude towards knowledge sharing.

Thus, the organization's motivational structure, like wages for performance compensation structure, daunt knowledge sharing behaviors because employees get conscious that their efforts to be a prominent figure as compared to their coworkers will hinder (Centobelli, Cerchione, & Esposito, 2019). Researchers believed that if discouraging knowledge sharing behaviors are established in the organization's environment, it is considered as unfavorable and difficult to change, and effects on capabilities and performance.

They defined dynamic capabilities as creating, extending, and modifying the resources according to organizational and organizational requirements. According to the scholars creating, extending, and modifying are three dimensions that can be fixed in a single construct, for further work other researchers argue that though these fundamentals are different in nature but are highly correlated to each other, furthermore says that the joint venture of these components will help an organization to perform well and are necessary for the achievement (Eikelenboom & de Jong, 2019).

Constant et al. defined that following an economic exchange theory, employees will behave by coherent self-interest, while knowledge sharing behavior enhance the dynamic capabilities and will rise organizational performance when organizations' outcome rises than its costs or as required. Knowledge sharing behavior is an incentive for employees to increase resources and enhance dynamic capabilities to innovate dimensions for use of individual and organizational performances (Ferreira & Coelho, 2020). The external acquisition and internal creativity of an organization innovate knowledge and knowledge sharing behavior of individuals or employees, which develop dynamic capabilities and are useful for organizational performance.

Organizations use their dynamic capabilities on an excessive amount of knowledge, data, and information for organizational performance. This is the reason; it is crucial for organizations to give rise and manage knowledge (Giniuniene & Jurksiene, 2015). The researchers revealed that to utilize shared knowledge in an organization should know two main strategies: A) knowledge collection approach, B) knowledge interchanging approach with dynamic capabilities for organizational performance. Less valuable but effective capabilities always rely on dynamic capabilities according to the circumstances of the market and organization (C. Li et al., 2020). In views of dynamic capabilities cover all capabilities such as sensing, reconfiguring, and seizing capability. The use of capabilities during transforming, managing breakdown, and in critical situations in a phase also comes under dynamic capabilities.

Knowledge is a critical resource that provides a sustainable competitive advantage and dynamic economy to an organization for organizational performance. By the use of dynamic capabilities, the organization must consider how to transfer expertise and knowledge from experts to novices who need to know for better individual and organizational performance (Becker & Gerhart, 1996). Therefore, in dynamic environments, along with all valuable resources, dynamic capabilities should also replicate for all competitive advantages. The researchers argue that dynamic capabilities help to innovate new products and engage the organization to accept, create, and show its willingness for competitive advantages by knowledge sharing behavior for organizational performance (Falahat et al., 2020).

H1: Knowledge sharing behavior has a positive and significant impact on organizational performance

H1a: Dynamic Capabilities has a mediating role in the relationship between knowledge sharing behavior and organizational performance

Innovative Capacity, Dynamic Capabilities, and Organizational Performance

Innovative capacity is a theory to consider something important for organization capabilities that bring something different, new, or restitution. It is hard to explain how the relationship between organization and finance growth is parallel? Various mechanisms notified can help to understand why new and small

company's associate with large organizations and how these organizations drive novelty and ultimate financial growth (Augier & Teece, 2009). The IC is determined as organizational culture, characteristics of organizations, process, leadership, the procedure of essential product invention, and the dynamic capabilities with strategies to launch new products (Setini, Yasa, Gede Supartha, Ketut Giantari, & Rajiani, 2020). Research indicates cooperation, possessions and national relationships, human and technical resources, and organizational culture as determining factors of innovative capacity. Empirical studies proposed that organizations that are capable of answering quickly and changing their business environment with innovative actions are more prone to improve their performances (Marques & Ferreira, 2009).

Furthermore, researchers have examined the basics of innovative capacity and its effects on organizational performance, while research on dynamic capabilities and resources that permit firms to be speedy is still promising. Organizations with more developed innovative capacities are more likely to complete such corresponding interactions for two motives; first, in innovative firms, an organizational environment that allows organizations to experiment and follow different actions and never impede risk-taking attitude (LIU, HU, & KANG, 2021). Moreover, organizations with higher invention capacity are probably more prone to new innovative ideas and hence in a better position to recognize market opportunities and comparatively bring new products earlier than competitors (Ashraf, Li, & Mehmood, 2017). Secondly, the connection of new business models with other firms make it easier for firms with higher innovative capacities to accumulate the resource bundles required for bringing new items and facilities to market or reconsider business models, these bring betterment in organizational performance (Hermawan, Suharnomo, & Perdhana, 2021). Debated that dynamic capabilities with innovative capacity are the "best performances" with basic and simple characteristics among organizations.

Generally, an organization is assessed by using several performance parameters such as financial, monetary actions, and others. It is highlighted that decision-making behavior and dynamic capabilities enhance the power for innovative capacities along with (strategic innovative), manufacturing department (produce and process innovative), mechanical and technical maintenance mode (technical innovative) for the organizational performance (Hermawan et al., 2021). The formation of a firm's innovative performance is centered on a chain of intricate, innovative activities that shape a value series in organizational performance. Thus, dynamic capabilities help in interchanging fresh or unexploited resources and properties from the internal and external environment of an organization with the help of innovative capacities to increase organizational performance.

H2: Innovative capacity has a positive and significant influence on organizational performance

H2a: Dynamic capabilities has a mediating effect in the relationship between innovative capacity and organizational performance

Absorptive Capacity, Dynamic Capabilities and Organizational Performance

Zahra revealed that, in most of the empirical studies, researchers proved a positive correlation between absorptive capacities, knowledge sharing, dynamic capabilities and innovative capacities. The ability to identifying, accepting and use of external knowledge is identified as absorption capacity (Kurniawan et al., 2020). It is proposed that imminent absorptive capacities and comprehended absorptive capacities are essential, rather than adequate, terms to attain organizational competitive benefits, both imminent and comprehended capabilities are vital to performance enhancements. Researchers believed that organizational performance depends and highly correlated with innovative capacity, absorptive capacity and dynamic capabilities.

Absorptive capacity and competence are fundamental to the organization's triumph when functioning export in external markets, and lead to influential foundations of viable advantage for organizational performance (Shu et al., 2007). Dynamic capabilities build upon two distinct knowledge bases on the one hand, dynamic capabilities can be acknowledged as best practice with shared characteristics of an organizations. While, dynamic capability as a definite blend of each organization, with highlighted established features of uniqueness.

Despite all, some progress made to clarify and conceptualize dynamic capabilities but the main problem is the presence of various structures and procedures, which highly increases the difficulty of comprehending and conceptualize dynamic capability (Kurniawan et al., 2020). Furthermore, the firm's tendency to assimilate, join and utilize skills to observe environmental changes described as dynamic capabilities, these capabilities being used to increase organizational and individual performance.

However, the significance of dynamic capabilities is irrefutable, since it is an authorization for change that organizations make or adapt to make firm's aggressive environment better, through a new blend of prevailing resources or even innovative collection of new resources, which is the only approach to attain supportive, competitive benefits and subsequently, to stay in the market in a competitive style (Shu et al., 2007). The roots of the dynamic approach are set in the RBV of the organization, considering the initial work of Penrose. However, other books of literature also persuaded the discussion, more specifically, the evolutionary theory of economic change. This approach helps to understand how organizations can attain competitive advantages and survive in the long term by considering absorptive capacities with dynamic capabilities (Ferreira & Coelho, 2020). With this regard, this study intended to investigate the direct and indirect effect of absorptive capacity (exploration and exploitation capacities), on organizational performance and through dynamic capabilities, with consideration of the mediating role of dynamic capabilities on estimated relationships (Božič & Dimovski, 2019).

H3: Absorptive capacity has a positive and significant impact on organizational performance

H3a: Dynamic capabilities has mediator effects in the relationship between absorptive capacity and organizational performance

Methodology

Research Model and Data Collection

This study aims to explore the relationships between organizational performance (OP), dynamic capabilities (DCs), knowledge sharing behavior (KSB), absorption capacity (AC), and innovative capacity (IC) in the SME sector of Pakistan in figure 1. This study especially attempts to examine the impact on OP of AC, IC, and KSB. Moreover, to evaluate the relationship of mediator, dynamic capabilities (DCs), among OP, IC, AC, and KSB. For the data collection, SME sector of Pakistan were focused on and followed three-step for the survey. Field studies includes physical and telephonically interviews with entrepreneurs to check validity, reliability of data by pilot testing and at last formal survey conducted and distributed 500 questionnaires, returned 400.

Author's Resource

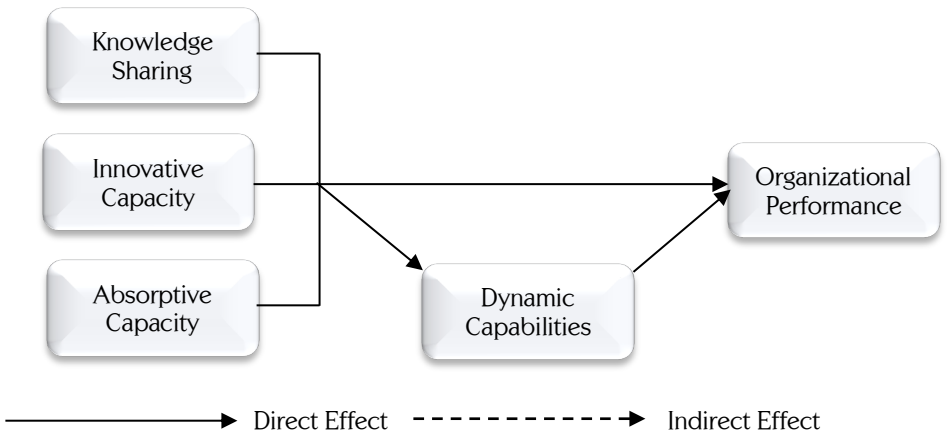

Figure 1: Conceptual Research Model (Confirmatory Factor Analysis)

Construct Measurement

This study includes and identified scales through literature and adapted for the current study. This survey was conducted purely for an academic purpose from SMEs (entrepreneurs). Five Likert scales (1-SA to 5-SDA), were quantified. For the current study, the five-item scale was adapted for knowledge sharing behavior which was developed by (Hsu, Ju, Yen, & Chang, 2007), the Cronbach's alpha for KSB was 0.748. A scale developed by (Hervás-Oliver et al., 2021), for absorptive capacity, being adapted and measured with four items (The Cronbach's alpha was 0.724). The scale developed for innovative capacity by (Hurley & Hult, 1998), was also adapted and measured with five items scale (The Cronbach's alpha for this was 0.765). To measure six items for dynamic capabilities, a scale developed by (Atuahene-Gima, 2005) was adopted (Cronbach alpha was 0.748). To measure the organizational performance, a scale developed by (García-Morales, Lloréns-Montes, & Verdú-Jover, 2008) was adopted with four items (The Cronbach alpha was 0.709). Also, entrepreneurial age, business location, business tenure, industry, and gender were included as demographics.

Data Analysis

To analyze the formative proposed research model, smart-PLS is used to measure latent variables with structural equation modeling (SEM) technique, and version 3.0 was used for testing hypotheses (Hair, Ringle, & Sarstedt, 2011). The two-stage product is used to analyze direct and indirect relationships on organizational performance of absorptive capacity, knowledge sharing behavior, absorptive capacity, and through dynamic capabilities as mediator.

Results

Measurement Model

Table 1 shows the validity and reliability of the proposed research model with examine values of factor loading (CFA), the Cronbach alpha, average variance, and composite reliability of all latent variables. The construct has convergent validity if the value of an item is less than equal to 0.50 in factor loading (Hair Jr, Sarstedt, Hopkins, & Kuppelwieser, 2014), the values shown in Table 1 all are more than the standard value. The item values less than 0.50 were eliminated, one from absorptive capacity and one from dynamic capabilities. As per the "Rule of Thumb," 20% of the total number of items can be deleted for the appropriate the result. Figure II. As per established criteria for constructs values, AV >= 0.50 and CR >= 0.80, all below table values are in range and acceptable.

Table I. Confirmatory Factor Analysis

Constructs	ABV	Factor Loading	Alpha	AVE	CR
Absorptive Capacity	AC2	0.783	0.724	0.643	0.844
	AC3	0.843			
	AC4	0.779			
Dynamic Capabilities	DyC1	0.807	0.784	0.537	0.852
	DyC2	0.731			
	DyC3	0.76			
	DyC4	0.723			
	DyC5	0.632			
Innovation Capacity	IC1	0.723	0.765	0.514	0.841
	IC2	0.71			
	IC3	0.718			
	IC4	0.758			
	IC5	0.672			
Knowledge Sharing Behavior	KSB1	0.648	0.748	0.500	0.831
	KSB2	0.789			
	KSB3	0.775			
	KSB4	0.66			
	KSB5	0.641			
Organizational Performance	OP1	0.672	0.709	0.531	0.819

Constructs	ABV	Factor Loading	Alpha	AVE	CR
	OP2	0.709			
	OP3	0.758			
	OP4	0.773			

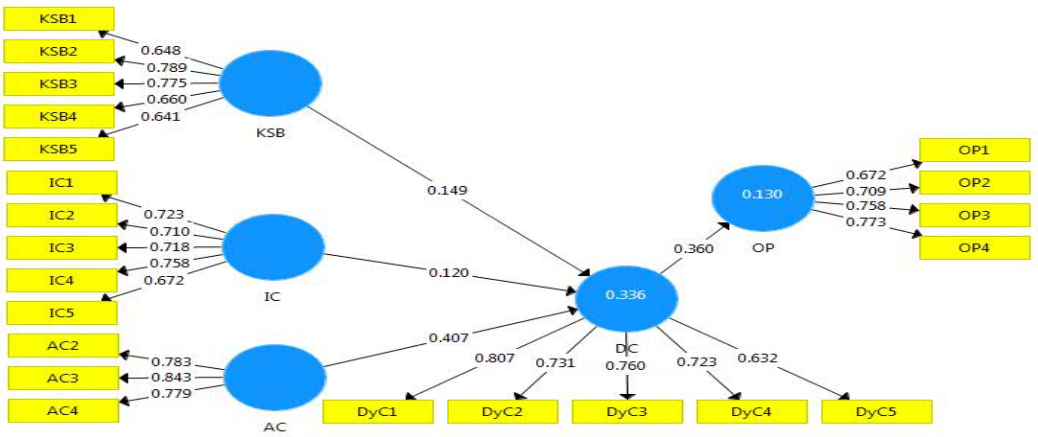

Figure 2. Confirmatory factor Analysis.
Abbreviation: KSB, knowledge sharing behavior; IC, innovative capacity; AC, absorptive capacity; DC, dynamic capabilities; OP, organizational performance

To examine cross loading and measure discriminant validity the Fornell–Larcker criterion method is used Table 2 shows the Fornell–Larcker criterion approach is fit for current research model, according to the researchers "The AVE of each construct should higher than the construct's highest squared correlation with any other latent construct" (Henseler & Fassott, 2010)(p.145). Thus, discriminant validity has no issue.

Table 2. Discriminant Validity

	AC	DC	IC	KSB	OP
AC	0.802				
DC	0.541	0.733			
IC	0.518	0.433	0.717		
KSB	0.480	0.427	0.688	0.707	
OP	0.385	0.360	0.309	0.337	0.729

Structural Model

Table 3, supported hypothesis 1 (β = 0.149; t = 2.290; p < 0.022), indicated positive and significant results of KSB on DC. Here, hypothesis 2 (β = 0.054; t = 2.247; p < 0.025), shows positive impact of KSB on OP. The hypothesis 4 (β = 0.120; t = 2.139 p < 0.033) shows positive and significant results for IC and DC. The hypothesis 5 (β = 0.043; t = 1.923; p < 0.055) indicated positive but insignificant impact of IC on OP. Hypothesis 7 (β = 0.407; t = 6.423; p < 0.000) explored positive and significant impact of AC on DC. The hypothesis 8 (β = 0.147; t = 4.728; p < 0.000) indicates positive and significant relation between AC and OP. The hypothesis 10 (β = 0.360 t = 8.329; p < 0.000) showed positive and significant relation between DC and OP.

Table 3. Direct Effects

Hypothesis	Relationship	β	Mean	(STDEV)	T Value	P Values	Decision
H1	KSB → DC	0.149	0.153	0.065	2.290	0.022	Accepted
H2	KSB → OP	0.054	0.055	0.024	2.247	0.025	Accepted

Hypothesis	Relationship	β	Mean	(STDEV)	T Value	P Values	Decision
H4	IC → DC	0.120	0.123	0.056	2.139	0.033	Accepted
H5	IC → OP	0.043	0.046	0.022	1.923	0.055	Not Accepted
H7	AC--> DC	0.407	0.406	0.063	6.423	0.000	Accepted
H8	AC→ OP	0.147	0.149	0.031	4.728	0.000	Accepted
H10	DC→ OP	0.360	0.366	0.043	8.329	0.000	Accepted

Table 4, supported indirect relations of independents with dependent through mediator. The generated hypothesis 3 (β = 0.054; t = 2.247; p < 0.025), shows positive and significant relation between KSB and OP through DCs as mediator. Moreover, finding revealed that hypothesis 6, IC and OP has positive but insignificant relation through DCs as mediator (β = 0.043; t = 1.923; p < 0.055). Therefore, the Hypothesis 9 revealed positive and significant relationship between AC and OP through DCs as mediator (β = 0.147; t = 4.728; p < 0.000).

Table 4. Indirect Effects

Hyp	Constructs	Std Beta	Mean	(STDEV)	t-values	P Values	Decision
H3	KSB→DC→OP	0.054	0.055	0.024	2.247	0.025	Supported
H6	IC→DC→OP	0.043	0.046	0.022	1.923	0.055	Not Supported
H9	AC→DC→OP	0.147	0.149	0.031	4.728	0.000	Supported

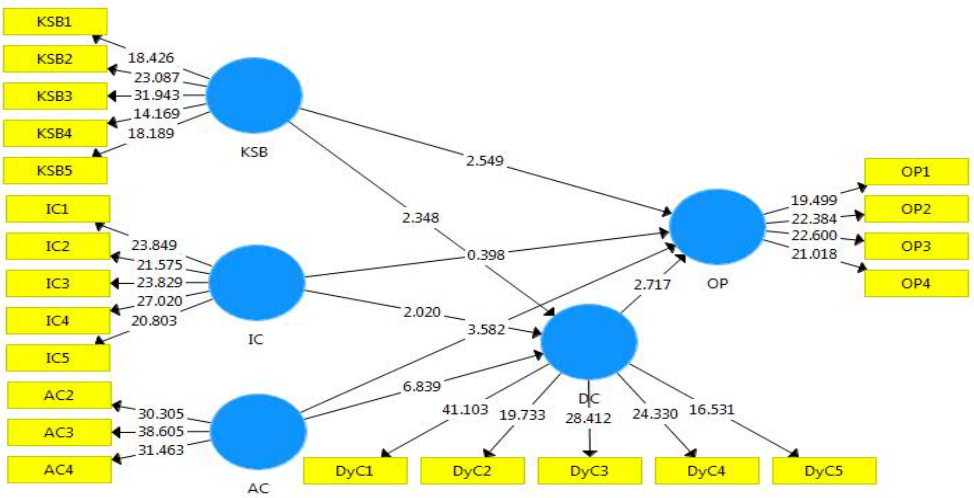

Figure 3: Structural Modeling path Modelling

Abbreviations: Knowledge Sharing Behavior; KSB, IC; Innovative Capacity, AC; Absorptive Capacity, DC; Dynamic Capabilities, OP; Organizational Performance

Discussion

The aim of this paper is to assess, effects and relationships of knowledge sharing behavior, absorptive and innovation capacity on organizational performance directly and indirectly through dynamic capabilities as mediator. This study contributed literature to scientific research in organizational performance, furthermore explored SMEs organizational performance mechanism (Mangenda Tshiaba, Wang, Ashraf, Nazir, & Syed, 2021). The performance of an organization is examine by its productive outcome. Although different aspects affect organizational performance, literature for the study is supported by several theories such as Theory of Planned Behavior (TPB), Theory of Reasoned Action, and Resource-based theory (RBV) (Ashraf, Li, Butt, Naz, & Zafar, 2019). In the past, there was a focus on organizational performance

but not much on SMEs and with such capacities and capabilities. This research explores SMEs organizational performance linked with entrepreneurial performance. The study proposed and designed research, found gape in the literature of SMEs organizational performance, and addressed it on the behalf of intensive literature (H. Li et al., 2021).

This study examines the role of dynamic capabilities as mediators in-between knowledge sharing behavior, absorptive and innovation capacity with organizational performance. The research on organizational performance enhances existing knowledge with scientific knowledge and explore SMEs organizational performance (C. Li et al., 2020). The latest research on SME organizations enhances the capabilities and capacities for competitive advantages and organizational performance. In Pakistan, there is less focus on SMEs organizations; that's the reason for less literature work. The research gap is found by the literature of SMEs organizational performance (H. Li et al., 2021). In previous studies, organizational performance was measured through sustainability, growth, networking, and leadership, but not much research in SME sector of Pakistan with large of big cities data of small industries, but no study yet to evaluate organizational performance through absorptive and innovation capacities, knowledge sharing behavior and dynamic capabilities (Mangenda Tshiaba et al., 2021). The organizational performance was evaluated through dynamic capabilities as a mediator and supported by different related theories.

There is limited research on SMEs organizational performance, and further research is required in the scientific field. This study explored that organizational performance is based on entrepreneurial performance along with other capacities and capabilities which play a vital role on growth and performance. Knowledge-sharing behavior plays an important role in organizational performance and growth in competition (Mangenda Tshiaba et al., 2021). The study finding explored the impact of KSB, IC, and AC on DCs are positive and significant (Ashraf et al., 2019). While the impact of KSB and AC is positive and significant on OP, the impact of IC on OP is positive but insignificant. The reliability of the mediator "dynamic capabilities" should be higher than 0.70, which will be shown the appropriate level for a variable (Pavlou & El Sawy, 2011; Singh & Rao, 2016). The dynamic capabilities as mediators in-between KSB, IC, AC, and OP. the results show that the dynamic capabilities of an organization play a vital role in organizational performance. Whereas KSB and AC have a positive and significant impact on OP through dynamic capabilities as a mediator along with this Innovation capacity has a positive but insignificant impact on OP. We select four variables, KSB, IC, AC, and DCs, to measure SMEs organizational performance in the study. The values of all constructs were up to the satisfactory level in result (Akter, Jamal, Ashraf, McCarthy, & Varsha, 2020). The obtained Cronbach alpha of organizational performance was 0.709, which is reliable. For this study smart-PLS 3.0 is used to analyze the impact and relations between KSB, AC, and IC on Op and through DCs as mediators (C. Li et al., 2020). To extract the measurement model SEM technique is used. This technique helps to find appropriate results and more significant variables.

Table 3 and 4 revealed results for the proposed model and supported hypotheses one and 1a from existing literature that organizational performance has a positive and significant impact by knowledge sharing behavior directly and through dynamic capabilities as mediator. It is proposed in the existing literature that hypotheses two and 2a has a positive and significant impact of innovation capacity on organizational performance directly and through dynamic capabilities as mediator. Table 3 shows results and neglect the proposed hypotheses, hypothesis 4 (IC→DC) has a positive and significant impact, but as well as in Table 3 and 4 the hypothesis 5 and 6 (IC→OP) directly and through dynamic capabilities as mediator (IC→DC→OP) revealed the positive but insignificant impact of innovative capacity on organizational performance.

Because sometimes, an organization has the capacity to innovate products, but internal and external factors create hurdles for the organization, which reduce the innovative capacity and organizational performance in the SME sector of Pakistan. Therefore, existing literature proposed in hypotheses three and 3a that absorptive capacity has a positive and significant impact on organizational behavior directly and through mediators as dynamic capabilities. Table 3 and 4 are supported by hypotheses 7, 8, and 9 to the proposed hypotheses three and 3a, respectively.

So, collected data revealed that knowledge sharing behavior gives internal/external knowledge of market and individual to the organization, which plays a vital role in organizational performance (Ashraf et al., 2019). The capacity of an organization to innovate and absorb knowledge dynamic capabilities plays an important role in organizational performance, but many factors are involved in having competitive advantages (C. Li et al., 2020). The innovative capacity has its value in organizational performance, but some internal factors affect the innovative capacity, such as competency of employees and machinery and external factors; government policies, market position, natural and social disasters.

Implications for Practice

The purpose of this study is to enhance the existing literature on organizational performance related to SMEs of Pakistan. In previous research, organizational performance was measured in different ways; this study contributed literature by investigating behavior, capacities, and capabilities of an organization and how these forces help in enhancing SMEs organizational performance. This study is considered to be the first in Pakistan on SMEs to assess the impact of knowledge sharing behavior, innovative and absorptive capacity with dynamic capabilities on organizational performance. The most informational section of the model is to measure organizational performance with dynamic capabilities, which has much importance in the organizational performance of SMEs.

The proposed model for research indicates the nature and quality of dynamic capabilities for organizational performance. The developed model, based on several theories such as Theory of Planned Behavior (TPB), Theory of Reason Action (Lam et al.), and Economic Exchange Theory (EET), supported SMEs literature for organizational performance. Therefore, the aim to contribute knowledge and novelty in existing literature has been accomplished. This study measure relationships and the impact of KSB, AC, and IC on OP directly and through DCs as a mediator of SMEs. This research finds several implications to the SMEs of Pakistan, which helps them to enhance their organizational performance by using their capacities and capabilities.

Limitations and Future Research Direction

The study was conducted on SMEs of Pakistan, and different businesses were selected for this research. The survey was conducted to collect data from six big cities of Pakistan, which are the main hubs for SMEs to measure the behavior, capacities, and capabilities of an organization for its performance. This study will help the SMEs of Pakistan in organizational performance. For future research direction, proposed research model will be helpful for multi-disciplinary SMEs with large number of respondents and other cities of Pakistan, and the research will be helpful in raising the performance level of the SME organizations. This research was limited to the male entrepreneur organizations, and no control variables such as government regulations, demographics, education, and age were included in the current research. The research was conducted on male SME entrepreneur organizations. Therefore, for further research, the researcher can increase the sample size of respondents and the number of cities. There can be a comparison of male and female SMEs organization performance.

Conclusion

To better illustrate, observe and understand the relationship of organizational performance, the study applies and explains how knowledge sharing behavior, absorptive capacity, and innovative capacity act and dynamic capabilities as a mediator on organizational performance. The study contributed literature in existing knowledge of organizational performance by testing capacities and capabilities, including behavior. The proposed hypotheses were supported by 400 organizational entrepreneurs' responses for empirical analysis. The finding suggested that organizational performance is linked as well as configurationally and individual mediation examined, contribute to understanding the organizational performance. This research is valuable for SMEs of Pakistan in enhancing their organizational and individual performance.

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