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INFLUENCE OF KNOWLEDGE SHARING ON ORGANIZATIONAL PERFORMANCE WITH MEDIATING IMPACT OF ABSORPTIVE CAPABILITY

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Abstract

This study focused on examining the influence of knowledge-sharing capability, on organizational performance through impact of absorptive capability, in contemporary knowledge-based organizations. Basically, it is a need of today in competitive and dynamic business environments, organizations increasingly know that the ability to effectively share, assimilate, and use of knowledge because it is very essential for both like, employee-level and organizational-level outcomes. Drawing on the knowledge-based perspective and another is organizational learning perspective, the study proposes that knowledge-sharing capability enhances organizational performance with both means directly and indirectly improves performance through the development of absorptive capacity. There are four hypotheses were tested with help of Smart-PLS because it is robust tool of research to test the direct and indirect relationship between constructs. While first three hypotheses indicate direct impact and fourth, are indirect construct, all constructs were positive and significant. Further, these findings shows that organizations have strong knowledge-sharing mechanisms tend to attain upper level efficiency of operation, and workers engagement, while other benefit of this study to find significant mediation role among hypotheses. It define the both capabilities are boosting the internal an organization possesses and developed competency to leverage operationalize that knowledge as attained maximum output. Contribution of this study based on theoretical and practical implications as developed knowledge sharing capability of managers, and employees to absorb and apply knowledge in organization. Theoretically, it assimilates insights from knowledge-based views, and, literature reviews, providing empirical evidence that knowledge-sharing capability supports as an important tool for organization performance with help of absorptive capability. Another implication is practical implication; knowledge sharing capability and absorptive ability are enhancing capability of employee's with flow of knowledge as increase overall growth organization, finally creating sustainable competitive advantage in knowledge-based environments.

1 Introduction

Knowledge emerged the basic component of organization in 21st century at the place of money, technology and capital (Drucker, 2007). There are two main sorts of knowledge one is tacit and another is explicit knowledge, these sorts use among employees in order to create value for organization to facilitate individual and organizational learning (Paquette, 2006). Employees create new knowledge in order to build up their personal skill during the process of knowledge sharing as perform various kind of job (Huysman and De Wit, 2002). According to H. F. Lin, (2007) proposed that knowledge sharing capability is ability to obtain, capture, manage, use, disseminate and arrange the knowledge as enhance the capability of workers. This ability enhances ability of individual as well as organizational.

This capability has long been recognized as a perilous organizational ability because it develops innovation, reduces redundant efforts, and accelerates learning across the organization (Calantone et al., 2002; Scarbrough, 2003). While another construct is absorptive capability; it is also an ability of a organization to recognize the value of external new knowledge, integrate it, and apply it to commercial ends has therefore become a central (Cohen and Levinthal,.1990) this construct assist in innovation and competitive advantage. According to various, scholars and practitioners consistently highlight that absorptive capability as a key factor of organizational innovation and market performance (Lane et al., 2006; Matthyssens et al., 2006; Zahra & George, 2002). Organizational performance is also main element it represents strategic goal and long term success in sense achieves maximum outcomes (Deloitte Insights, 2020). It reproduces the outcomes of numerous organizational activities carried out during routine-based operations (Hussein et al., 2014). For organizations to enhance performance, effective management of knowledge resources is essential, as better knowledge management practices stimulate innovation and strengthen overall competitiveness (Du Plessis, 2007).

Knowledge sharing construct alone does not ensure maximum outcomes unless employees possess the appropriate absorptive capability to internalize and apply the acquired knowledge effectively. Without this capability, shared knowledge may remain underutilized, resulting in unproductive efforts (Deng et al., 2008). However, knowledge sharing capability influences direct and indirect on organizational performance with absorptive capability (Liao et al., 2006).

Existing literature demonstrates that knowledge sharing, absorptive capability, and organizational

performance are unified and particularly significant in the context of small and medium-sized enterprises (SMEs). Knowledge sharing is not fully effective without absorptive capability, as employees must be able to internalize and apply shared knowledge (Davenport & Prusak, 1998). Further studies argue that both knowledge sharing and absorptive capability supports as fundamental instrument for improving organizational performance (Liao et al., 2007). This study based on manufacturing SMEs of upper Sindh, Pakistan an important economic sector characterized by limited capital, fewer skilled workers, and resource constraints. Nonetheless, SMEs also possess distinct advantages such as simple organizational structures, fewer employees, and lower levels of bureaucracy, all of which support more flexible and efficient knowledge utilization (Ayyagari, 2006). Despite the significance of knowledge-based capabilities, empirical research on how knowledge sharing enhances absorptive capability and, in turn, improves organizational performance in Pakistani manufacturing SMEs remains limited.

While plentiful studies examine knowledge sharing, absorptive capability, and organizational performance, few studies investigate these relationships within manufacturing SMEs in Pakistan, particularly in the context of upper Sindh. Moreover, limited research examines absorptive capability exclusively as a mediating variable between different dimensions of knowledge sharing capability and organizational performance. This creates a gap in understanding how these constructs interact in resource-constrained SME environments. However, Manufacturing SMEs in upper Sindh struggle to optimize their knowledge resources due to limited skills, capital constraints, and inadequate knowledge management practices. Although knowledge sharing and absorptive capability are known to enhance organizational performance, this knowledge deficit restricts SMEs from leveraging innovation and achieving sustainable growth. The purpose of this is, to investigate the impacts of knowledge sharing capability on organizational performance with mediating role of absorptive capability.

1.1 Research Questions

1. How does knowledge sharing capability influence on organizational performance in manufacturing SMEs in upper Sindh?
2. Does absorptive capability mediate the relationship between knowledge sharing and organizational performance?

2 Literature Reviews and Hypotheses Development

2.1 Knowledge Sharing Capability and Organizational Performance

This hypothesis was developed in the light of previous studies literature. Currently research studies continue to highlight the argument that knowledge-sharing capability has significantly impact on organizational performance. Researchers progressively climax that knowledge sharing improves operational excellence, strategic flexibility, and innovation capability influences that collectively improve overall organization consequences (Le & Lei, 2019; Razak et al., 2018). According to Islam et al., (2022) proposed that organizations with strong knowledge-sharing cultures establish superior adaptability and responsiveness to environmental turbulence, to capable as make faster strategic decision and better utilization of market opportunities.

Another, researcher supported hypothesis of Knowledge sharing and organizational performance, focused on knowledge sharing ability and strength of organizational ambidexterity by associating both exploitative and exploratory learning processes, which are vital for constant performance in competitive industries (Imran et al., 2021). Further, used digital tools such as collaborative platforms and AI tool supported knowledge systems have further enhanced the impact of knowledge sharing on performance by improving communication efficiency and reducing information grain storage (Zhou & Wu, 2018; Chen et al., 2020). These technologies facilitate the unified flow of knowledge within organization, consequently helping innovation, productivity, and service quality.

According to a human capital perspective, various studies confirm that knowledge sharing ability supporting in employee creativity, engagement, and problem-solving capability, which creates opportunities to turn strengthens overall organizational performance (Akram et al., 2020; Nguyen et al., 2023). While others factors social and relational factors like as trust, psychological safety, and supportive leadership remain vital enablers that magnify the positive effects of knowledge-sharing behaviors (Li et al., 2021).

Across a wide range of enterprises contain manufacturing, and service SMEs, currently, empirical evidence consistently reveals that organizations with higher knowledge-sharing capability achieve improved innovation outcomes, competitive advantage, and financial performance (Aslam et al., 2021; Huang et al., 2020). According to various previous studies findings were collectively support a positive and significant relationship between knowledge-sharing capability and

organizational performance. Hence, this hypothesis was developed.

H: 1 Knowledge Sharing Capability →Organizational Performance

2.2 Knowledge Sharing Capability and Absorptive Capability

This hypothesis demonstrates that association of knowledge-sharing capability and absorptive capability has been extensively validated across contemporary theoretical and empirical investigation. Absorptive capability is an ability to recognize, assimilate, transform, and exploit knowledge relies fundamentally on rich and continuous internal knowledge flows (Cohen & Levinthal, 1990; Zahra & George, 2002). While knowledge-sharing ability provides the foundation for these flows by empowering employees to exchange experiences, contextual insights, and expertise, which are crucial for interpreting and applying new knowledge. Organizational routines that enable sharing, like as cross-functional meetings, digital knowledge platforms, and team-based problem solving, strengthen a organization's ability to acquire and integrate new information (Jansen et al., 2005; Camisón & Forés, 2010).

Further, current studies highlight that organizations with a strong culture of knowledge sharing develop robust cognitive and relational structures that improve the recognition, integration, and transformation of new thoughts (Flatten et al., 2011; Volberda et al., 2010). In addition, these social structures encourage trust, collaborative behavior, and open communication, all of which are dominant to building both potential and realized absorptive capability. An organization that actively participates in knowledge sharing internally is better positioned to transform external knowledge into actionable insights and competitive capabilities (Lichtenthaler, 2016; Lewin et al., 2020). In other word, knowledge sharing consequently speed up learning processes by augmenting employees' ability to connect new knowledge with existing knowledge bases, thus supporting both exploratory and exploitative learning (Lin et al., 2012; Martín-de Castro, 2015).

Further, supporting empirical evidence about contribution of knowledge sharing in development of shared mental models that help employees interpret and integrate exterior knowledge more effectively. These exchange cognitive plan strengthen a organization's ability to organize the absorptive knowledge across units and functions (Lane et al., 2006; Murovec & Prodan, 2009). In addition, empirical evidence demonstrations that cross-departmental knowledge discussion improve a firm's ability to absorb knowledge from customers, competitors, supply chains, and technological environments, enhancing both strategic and operational decision-making (Fosfuri

& Tribó, 2008; Vega-Jurado et al., 2008).

Another, evidence of organizational practices especially HR initiatives like training, empowerment, and teamwork, as well as IT-based collaboration instrument show basic role in strengthening absorptive capability by supporting knowledge-sharing processes (Minbaeva et al., 2014; Roberts et al., 2012) and other in contemporary research also underscores that digital transformation technologies, counting AI-enabled knowledge systems and enterprise social networks, enhance knowledge-sharing capability and, so, absorptive capability (Zhang et al., 2021; Pérez-López & Alegre, 2020).

Thus, the literature constantly confirms that knowledge-sharing capability is a essential antecedent of absorptive capability, as it boosts internal communication, collective learning, and knowledge addition processes vital for developing dynamic organizational capabilities. Hence this hypothesis was formulated.

H2: Knowledge-Sharing Capability → Absorptive Capacity

2.3 Absorptive Capability and Organizational Performance

Absorptive ability remains one of the most significant constructs in explaining how organizations change knowledge resources into improved performance of organization. According to Cohen and Levinthal's (1990) provided the foundational work established that absorptive capability boosts innovation, learning, and competitiveness by enabling manufacturing enterprises to identify, integrate, and exploit external knowledge. Further, discussed by Zahra and George (2002) developed conceptualized planed as a dynamic capability composed of potential absorptive capability (acquisition and assimilation) and realized absorptive capacity (transformation and exploitation), highlighting that both dimensions donate directly to organizational value creation. This extended context underscores that absorptive capability is not merely a knowledge-processing instrument but a strategic capability that forms organizations' ability to respond to environmental changes and withstand long-term performance.

Current empirical studies continue to validate the importance of AC across various organizational contexts. Organizations with high absorptive capability consistently achieve superior innovation and operational outcomes, particularly in knowledge-based and technology-driven industries (Flatten et al., 2011; Lichtenthaler, 2016). AC strengthens a firm's ability to recognize emerging technological opportunities, anticipate market shifts, and assimilate varied knowledge sources into strategic decision-making (Volberda et al., 2010; Camisón & Forés, 2010).

Additionally, current evidence establishes that absorptive capability significantly impact financial performance, productivity growth, and international competitiveness, highlighting its relevance beyond innovation outcomes alone (Camisón & Villar-López, 2014; García-Sánchez et al., 2018).

In vibrant markets, absorptive ability is increasingly known as a driver of organizational adaptability and strategic renewal. Organizations with strong AC develop greater strategic flexibility and are better equipped to restructure resources in response to disturbances, allowing continued competitive advantage (Lewin et al., 2020; Roberts et al., 2012). High absorptive capability also facilitates continuous improvement and process optimization by allowing firms to internalize best practices and knowledge from external partners, suppliers, and customers. Studies demonstrate that AC supports new product development, go faster innovation cycles, and improves organizations' ability to integrate technological advancements into their operations (Jansen et al., 2005; Liao et al., 2007).

Furthermore, contributions of absorptive capability were significantly to innovation performance by strengthening the connection between knowledge acquisition and organizational capability development. Firms with strong AC can better transform exterior knowledge into actionable insights and innovative outcomes, leading to improvements in product quality, service delivery, and competitive positioning (Escribano et al., 2009; Kostopoulos et al., 2011). Currently, research also focused on AC's role in empowering digital transformation and data-driven innovation, underscoring its ongoing relevance in contemporary organizational environments (Zhang et al., 2021; Pérez-López & Alegre, 2020). Finally overall, evidence about absorptive capability is essential cause of organizational performance, enabling manufacturing small enterprise to leverage external knowledge, enhance innovation, and sustain long-term competitiveness. Hence, the literature of this study indicates that absorptive capability strengthens organizational performance.

H3: Absorptive Capacity → Organizational Performance

2.4 Knowledge-Sharing Capability and Organizational Performance with Absorptive Capability (Mediation)

Knowledge-based study, determine the mediating role of absorptive capability carry on to attract significant learned attention as a precarious instrument that connects knowledge sharing with meaningful organizational performance. Knowledge-based theory is foundational theory holds that while knowledge sharing offers the

essential basis for organizational learning, it is the organization's absorptive capability indicates an ability to recognize, integrate, convert, and exploit knowledge that eventually regulates whether shared knowledge produces valuable performance benefits (Zahra & George, 2002). Current research work has reinforced this view, quarrelling that knowledge sharing in segregation is unlikely to generate performance improvements unless firms possess the internal capabilities to integrate and apply that knowledge effectively (e.g., Lewin et al., 2020; Lichtenthaler, 2016).

Absorptive capability has been conceptualized and empirically tested in various research studies as mediator, given that healthy evidence that it build a bridges as research gap between knowledge sharing and organizational performance. In case, studies have revealed that absorptive capability mediates the effect of internal communication and knowledge practices on innovation outputs, underscoring its function as a channel through which shared knowledge is changed into novel products and processes (Flatten et al., 2011). Likewise, organizations with stronger absorptive capability are better able to convert shared knowledge into technological advancements and financial gains, demonstrating how this capability strengthens the link between knowledge management and performance (García-Sánchez et al., 2018). In association and inter organizational contexts, absorptive capability improves the success of knowledge allocation, with structural link strength playing a supporting mediating role (Martínez-Ardila et al., 2025). This reflects a wider trend in the literature highlighting the interaction between social mechanisms, knowledge integration processes, and organizational outcomes.

Further, organizational learning domain with, absorptive capability is essential to changing interpersonal knowledge shares into collective learning and innovation. These capabilities assist small medium-sized enterprises to internalize external knowledge flows, thus enhancing innovation capability and operational performance (Jansen et al., 2005; Vega-Jurado et al., 2008).

Recently use term absorptive capability in research field of entrepreneurship, SMEs, and Strategic management as mediating function, enabling firms to convert knowledge-sharing does into competitive advantages. In entrepreneurial context, "absorptive capability has been shown to mediate the relationship between knowledge sharing and competitive performance, enhancing firms' responsiveness to market changes and innovation opportunities" (Cassol et al., 2019; Zahra & Hayton,

2008). Further, confirms that strategic management and absorptive capability ropes strategic renewal and innovation by empowering organizations to extract and leverage value from knowledge-based resources, so sustaining competitive advantage in uncertainty.

Finally, the existing literature supports the absorptive capability as significant construct that interprets and distribute knowledge into organizational value. Rather than acting as a passive repository of knowledge, absorptive capability allows SMEs to actively engage with, reconfigure, and exploit new knowledge, confirming that knowledge sharing activities yield tangible performance outcomes. Further, continues empirical evidence to accumulate across industries, countries, and organizational contexts, absorptive capacity remains a key focus for researchers and practitioners seeking to understand and enhance the performance implications of knowledge sharing strategies.

Therefore, the literature overpoweringly indications that absorptive capability acts as a powerful tool through which knowledge-sharing capability boosts organizational performance.so this hypothesis was develop with help of previous studies literature.

H4: Knowledge-Sharing Capability → Absorptive Capability →Organizational Performance

Conceptual Research Model

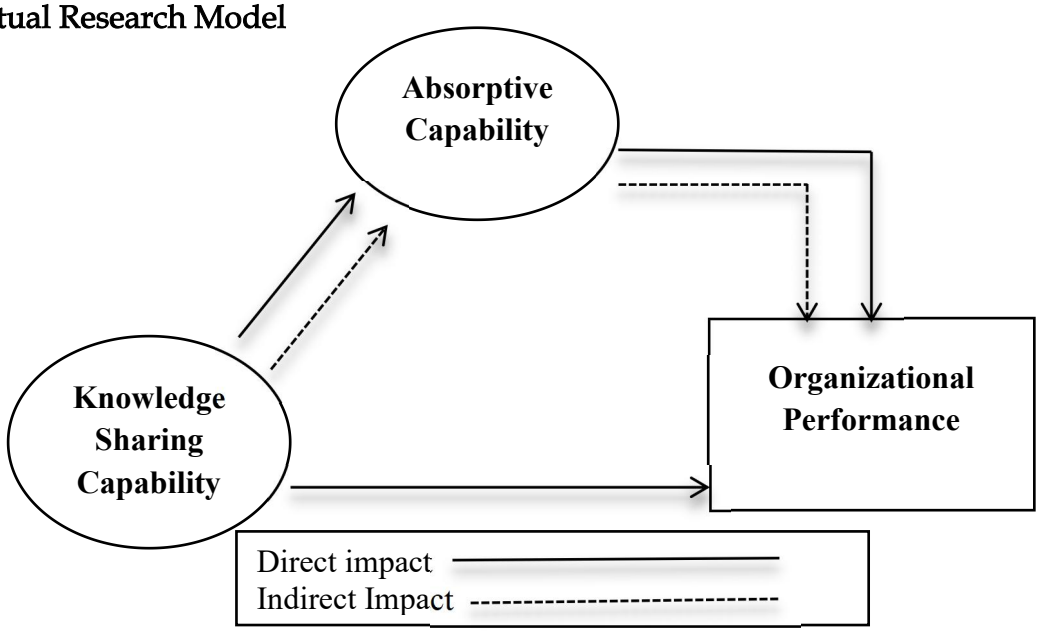

Fig 1

Methodology and Procedure

The purpose of this study is to examine the impact of knowledge sharing on organizational performance. Data were collected through a cross-sectional survey

using a convenience sampling technique. Cross-sectional research is a method that helps determine relationships among latent variables and develop hypotheses about causal connections between variables (Jazzar et al., 2024).

The population of this study consisted of manufacturing SMEs in the Upper Sindh Province, Pakistan, due to the scarcity of research on the impact of knowledge sharing in. Manufacturing SMEs play a vital role in enhancing organizational performance through the use of intangible capital. For data collection, three major cities of Upper Sindh were selected: Larkana, Sukkur, and Shaheed Benazir Abad(Nawabshah). Information about manufacturing SMEs was obtained from district-wise SMEDA offices and chambers of commerce in each city, which provided lists of SMEs. After obtaining these lists, the researchers contacted the owners and visited them personally to complete the data collection procedure.

A total of 400 close-ended questionnaires were distributed. Respondents were assured that the study was conducted purely for academic purposes and that their information would remain confidential. The initial draft of the questionnaire was prepared in both English and Sindhi, as some SME owners had limited formal education. Out of the distributed questionnaires, 358 were returned, yielding a response rate of 87%. After excluding incomplete responses (13%), the final sample size consisted of 345 valid responses. All respondents were male, with ages ranging from 18 to 55 years. The largest age group was 35–45 years (39%), while the majority of respondents had 10–20 years of work experience (41%). Area-wise responses were collected from Larkana, Sukkur, and Shaheed Benazir Abad. The highest number of responses came from Sukkur (130; 30%), while the lowest was from Shaheed Benazir Abad (35; 7%).

Responses were measured using a "Likert scale", and the questionnaire items were adopted from prior validated studies, including Rodríguez et al. (2014), Hsu et al. (2007), and García-Morales et al. (2008).

Data Analysis Technique

We employed Partial Least Squares Structural Equation Modeling (PLS-SEM) to evaluate both the measurement and structural models. To ensure robustness and address potential data limitations, the analysis was conducted using Smart-PLS 3 software. This tool not only enhances the accuracy and fluency of results but also facilitates the estimation of causal and empirical relationships among variables, while simultaneously examining correlations between constructs (Hair et al., 2010). In contemporary management science research, Smart-PLS has gained recognition as a "silver bullet" for hypothesis

testing and is widely adopted by scholars for its reliability and efficiency (Hair et al., 2011; Li et al., 2020).

Measurement of Model

The adequacy of the model was assessed through reliability and validity analyses. Table 1 presents the values for Cronbach's Alpha (CA), rho_A, Average Variance Extracted (AVE), and Composite Reliability (CR). To establish convergent validity, these indicators must exceed the recommended thresholds: rho_A ≥ 0.70, CR ≥ 0.80, AVE ≥ 0.50, and CA ≥ 0.80. Meeting these criteria confirms that the constructs are measured consistently and validly, thereby supporting the overall fitness of the model.

Reliability and Validity

Reliability and validity are very important factors of measurement in management and social sciences studies, these components assist in measurement of the constructs are consistent and accurately capture the phenomena under study. In this study, reliability and validity was assessed with help various technics like as Cronbach's alpha, composite reliability, and rho_A, and validity was also assessed through average variance extracted, the Fornell–Larcker criterion, and the heterotrait–monotrait ratio.

The results refers that all constructs reveal strong internal consistency, as the reliability indicators more than the commonly recommended thresholds value. The value of Cronbach's alpha proves that the items within each construct are highly consistent. Likewise, the composite reliability results also support that the constructs effectively measure the intended latent variables. While the rho_A values also show stability and reliability, reinforcing the consistency of the measurement model.

Convergent validity is recognized with support of the average variance extracted (EVE), as the values exceed the recommended standard value, representing that the support sufficiently explain the variance of their respective constructs. This suggests that each construct adequately captures the concept for further measurement.

Further, others methods were used as confirmed Discriminant validity and heterotrait–monotrait ratio, ensuring that all the constructs of this study are distinct from one another. The Fornell–Larcker criterion represent that each constructs of study show more variance with its own indicators than with other constructs, secondary their uniqueness. Furthermore, the heterotrait–monotrait ratio provides evidence, as the values fall within acceptable limits, representing that the constructs are connected but not overlying.

Finally, the measurement model reveals that overall value of reliability and validity was strong.

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The results this study confirms internal consistency, convergent validity, and discriminant validity, representing that the all constructs are both reliable and distinct. This delivers confidence that the model is healthy and appropriate for further structural analysis, ensuring that the subsequent results are expressive and reliable. According to Nunnally and Bernstein (1978) were suggested that minimum acceptable level above 0.70. Thus result of table no: 1, were satisfied. While, discriminant validity, the HTMT ratio was measured by .Henseler, Ringle, and Sarstedt,(2015) proposed that minimum acceptable level blow 0.85. Further, the results of table no: 2 and 3 show that most HTMT values fall within acceptable ranges.

Table 1

Reliability and Validity

variables	Crookback alpha	CR	Rho_A	AVE
OP	0.821	0.871	0.807	0.626
KSC	0.908	0.932	0.91	0.732
AC	0.842	0.904	0.841	0.758

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Table 2

The values both Discriminant validity

	KSC	AC	OP
SKC	0.847		
AC	0.42	0.811	
OP	0.691	0.387	0.789

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Table 3

HTMT

	KSC	AC	OP
KSC	0.847		
AC	0.42	0.811	
OP	0.691	0.387	0.789

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Results Hypotheses testing

Model Fit

The results of fit model indices refer that the structural model establishes an acceptable and satisfactory results through the data. The standardized root mean square residual proposes a good fit model, as it falls within the suggested threshold value, representing a minimal difference between the observed and predicted correlations. The fit index model is close to the usually accepted

standard, reflecting a satisfactory level of fit index. Further, the value of theta (RMS) remains within the acceptable, and supporting the appropriateness of the model specification.

This model provides collectively strong evidence that the structural model is well-specified and sufficiently represents the underlying data. This type of supports the reliability and validity of the hypothesized relationships and specifies that the model happens the established criteria for structural equation modeling as suggested in the literature (Henseler et al., 2015; Hair et al., 2019).

Table 4

Model Fit

Index	Value	Recommended threshold	Interpretation
SRMR	0.623	<0.08	Good Fit
NFT	0.774	≤ 0.90 acceptable	Slightly below but close
RMS, Theta	0.198	<0.12 ideal	Acceptable, indicates adequacy

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Direct and indirect impact of Knowledge sharing capability and absorptive capability on organizational Performance

Direct Impact

The results of hypotheses deliver strong evidence of the relationships among various constructs like as knowledge-sharing, absorptive capability and organizational performance. Each hypothesis indicates overall positive and statistical significant associations among these constructs. First hypothesis is knowledge sharing capability and organizational performance represents the direct impact of KSC on OP statistically significant relationship between both constructs. According to Marko Sarstedt et al. (2022) proposed that Standard threshold value is 1.98 or above, indicates the statistically significant, while table no: 5 represent a result of H1 was positive and significant because beta value show positive *t* value and *p* value were above threshold value. Hence magnitude of hypothesis results has a direct impact of knowledge sharing capability on the organization performance. Highlighted the significance of this relationship that developed a knowledge-sharing capability is a critical driver of performance in contemporary knowledge-based organizations.

H1: KSC → OP

This is second hypothesis (H:2) examines the impact of knowledge-sharing capability on absorptive capability, yielding a beta value, t-

value , and p-value indicate, a positive and significant relationship between knowledge sharing capability and absorptive capability. This result proves that knowledge-sharing capability not only impacts organizational performance but also positively impact on absorptive capability. The slightly higher beta value compared to H1and H2 these hypotheses indicate that knowledge-sharing capability and organization performance with absorptive capability may have an even stronger effect on workers, as employees perceive knowledge exchange as allowing and conducive to personal and professional growth. These findings reinforce the notion that knowledge sharing fosters a positive organizational performance and promotes behaviors that ultimately support enhanced organizational performance.

H2: KSC → AP

Hypothesis3 investigates the direct effect of absorptive capacity on organizational performance. According to value of beta and p-value of 0.000 indicates a statistically significant positive relationship between AC and OP. This results supports the argument that absorptive capability is an ability of organization to recognize, assimilate, and utilize new knowledge, is a critical determinant of organizational success. Even though the beta value is slightly lower than that for the KSC → OP relationship, the highly significant t-value underscores that absorptive capability independently contributes to performance outcomes. The consequences suggest that organizations with higher absorptive capability are better placed to transform shared knowledge into actionable insights, innovations, and competitive advantages.

H3: AC → OP

Jointly, these results focused on the importance of knowledge-sharing capability as a forerunner to both attitudinal and organizational performance, while absorptive capability serves as a interrelated process that enables firms to obtain the value from shared knowledge. The results direct that performance improvements are not solely a product of knowledge exchange; they depend on the ability of firms to effectively absorb, interpret, and apply that knowledge. In practice, organizations should simultaneously encourage knowledge-sharing behaviors and enhance absorptive capability to maximize both employee engagement and overall performance outcomes. Hence these are following hypotheses, which indicate that all direct hypotheses were positive and significant.

Table 5

Hypotheses

Hypotheses	Constructs	Beta-Value	T-value	P-value	Decisions

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H: 1	KSC -> OP	0.475	3.369	0.009	Supported
H:2	KSC -> AP	0.789	4.213	0.005	Supported
H:3	AC -> OP	0.321	4.896	0.000	Supported

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Indirect Impact

Indirect impact means mediation; it determined partial impact of hypothesis. Hypothesis H4 indicates that absorptive capability (AC) significantly impact as mediates the relationship between knowledge-sharing capability (KSC) and organizational performance (OP). According to table no:6 The indirect effect coefficient, combined with a t-value and a p-value, proves that the mediation effect is both positive and statistically significant. These findings suggest that organizations benefit from knowledge-sharing practices not merely by facilitating the flow of knowledg but by developing the internal capability to interpret, assimilate, and apply that knowledge effectively.

H:4 KSC -> AC -> OP

The coefficient shows the positive and significant that organizations with strong knowledge-sharing capability tend to improve their absorptive capability, which in turn contributes to better organizational performance. While the magnitude of the indirect effect is modest, such an effect size is common and meaningful in mediation studies, where indirect pathways often capture nuanced but vital mechanisms. The statistical results are significance, confirms that the observed effect is not attributable to random variation, reinforcing the validity of the mediation pathway.

Abstractly, this finding supports this argument that knowledge sharing delivers the raw input for learning developments, but it is absorptive capability that enables organizations to convert that input into performance-enhancing actions. Without sufficient absorptive capability, shared knowledge may remain underutilized, reducing its strategic value. Therefore, the supported hypothesis underscores the importance of developing absorptive capability as a complementary capability to knowledge sharing. Therefore, this hypothesis was developed and supported.

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Table 6

Hypothesis

H:4	KSC -> AC -> OP	0.052	2.981	0.018	supported

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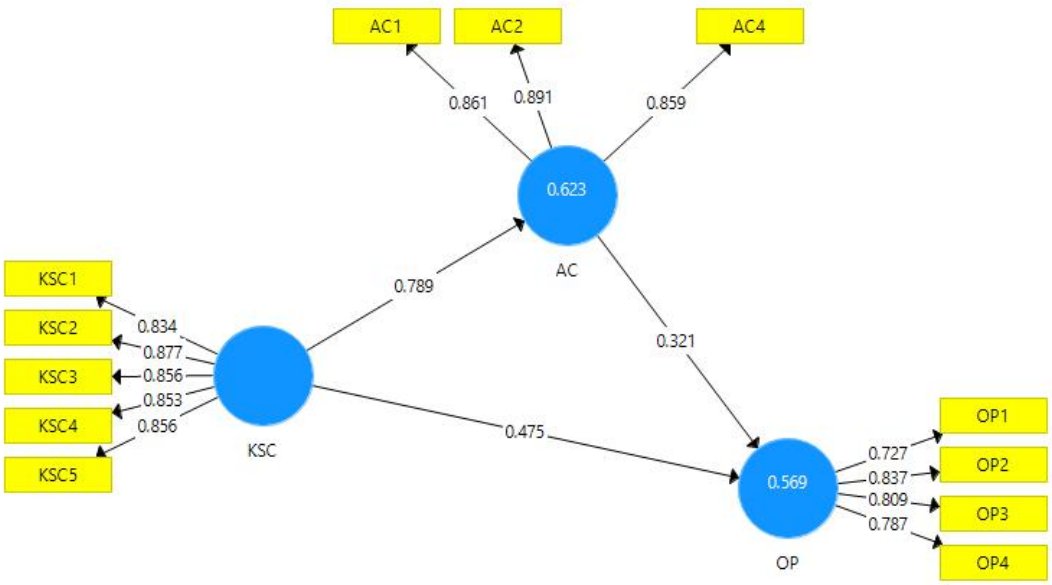
Research Model



Discussion

The findings of this study provide strong evidence for empirical support and the critical role of knowledge-sharing capability (KSC) and absorptive capacity (AC) in driving organizational and performance. First, Hypothesis 1 indicates that KSC significantly improves organizational performance, suggesting that firms that actively promote the exchange of knowledge across teams and departments experience enhanced efficiency, innovation, and strategic outcomes. Second, Hypothesis further shows that KSC positively affects attitudinal performance, indicating that knowledge-sharing practices also enhance employee motivation, engagement, and commitment. This aligns with prior research emphasizing that knowledge-sharing behaviors create a supportive organizational climate conducive to both individual and collective performance.

Third, Hypothesis confirms that absorptive capacity directly contributes to organizational performance. Organizations capable of recognizing, assimilating, and exploiting knowledge are better positioned to leverage intellectual resources for strategic advantage. Final hypothesis is mediation

analysis (H4) discloses that AC partially mediates the relationship between KSC and OP. This finding underlines that knowledge sharing plays significant role with absorptive capability on organizational performance. In other words KSC alone is not sufficient for performance improvements; the ability to internalize and use the knowledge because absorptive capability provides a crucial mechanism as transforms knowledge into actionable results. Overall, the results highlight an interdependent relationship between knowledge management capability and organizational capabilities, reinforcing the knowledge-based views that focuses the integrating the major resources and capabilities to get constant performance.

Theoretical Implications

Knowledge-based theory extend that contributions provide a more nuanced explanation of the mechanisms through which knowledge-based resources create value, thereby enriching and extending contemporary perspectives in knowledge management and organizational theory.

Practical Implications

1. Managers should cultivate a knowledge-sharing culture by implementing collaborative tools, cross-functional projects, and incentives for knowledge exchange.
2. Organizations should invest in absorptive capability development through training, learning systems, and processes that allow employees to assimilate and apply shared knowledge.
3. By focusing on both knowledge sharing and absorptive capacity, firms can simultaneously improve employee engagement and organizational performance, ensuring that knowledge becomes a strategic asset.

Limitations

While this study provides important insights into the relationships among knowledge-sharing capability, absorptive capacity, and organizational performance, several limitations should be acknowledged:

1. Cross-sectional design: The study uses a cross-sectional research design, capturing data at a single point in time. This limits the ability to draw causal inferences or observe changes in knowledge-sharing practices, absorptive capacity, or performance outcomes over time. Longitudinal studies would provide a more robust understanding of how these relationships evolve and whether the observed effects are sustained.
2. Self-reported data: Data were collected through primarily source of self-reported surveys from organizational owners and managers. This approach introduces the risk of common method bias and social desirability effects, which may inflate the reported relationships between constructs. Joining objective performance metrics or third-party

evaluations could improve the validity of the findings.

3. Industry and contextual constraints: The study may focus on a specific industry, sector, or geographic region (depending on your sample), which limits the generalizability of the results. Knowledge-sharing practices, absorptive capability, and organizational performance may vary across sectors, cultures, or organizational sizes.

4. Limited scope of mediators and moderators: Although absorptive capability was examined as a mediator, other potential mediating or moderating variables such as organizational culture, leadership style, technological infrastructure, or employee learning orientation were not included. These factors could influence the strength or direction of the relationships between knowledge-sharing capability and performance outcomes.

5. Measurement limitations: While validated scales were used, operationalizing complex constructs like absorptive capacity can be challenging. Some aspects of these constructs may not be fully captured, and measurement error could affect the reliability of results.

6. Focus on positive outcomes: The study basically tests the benefits of knowledge sharing and absorptive capability. It does not explore potential negative consequences, such as knowledge overload, knowledge hoarding, or resistance to change, which may moderate the effectiveness of these practices.

Future Research

Limitations of this research study which left space for future research such cross sectional conduct one time while another methodology is longitudinal or experimental designs, including objective performance indicators, expanding the model to other mediators/moderators, and testing the framework across varied contexts to enhance the generalizability and robustness of the findings.

Conclusions

Knowledge Sharing Capability and Absorptive Capability are energetic sources for Organizational Performance. Hypotheses confirm that organizations achieve superior outcomes when they developed a culture of openness and simultaneously build the capability to absorb and use knowledge.

In additions, this study reveals that knowledge-sharing capability is a key driver for organizational performance, and that absorptive capacity strengthens the link between knowledge sharing and organizational performance. The findings recommend that organizations should not only inspire knowledge exchange but also invest in mechanisms to enhance absorptive capacity, ensuring that shared knowledge is effectively

applied to improve performance outcomes.

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