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Does Organizational Learning Affect Organizational Performance with Innovation Practice as a Mediating Role in the Case of Ethiopia?

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ABSTRACT

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The influence on organizational performance is caused due to organizational learning and innovation practice. In reality, organizations that acquire, share, and transfer knowledge perform better in addition to practicing innovative technology to reduce wastage and produce/process innovative products/services. This study had great significance by adding more knowledge to existing literature, and its results were also used by managers, government, and concerned organizations to improve their organization performance. Therefore, the aim of this study is to assess the effect of organizational learning on organizational performance with the mediation role of innovation practice in the case of Batu area flower firms in Oromia, Ethiopia. The study used a quantitative approach with descriptive and explanatory design. The study targeted 415 sampled respondents, resulting in a 94% response rate, and used a Likert scale questionnaire to gather information. The study employed factor analysis using exploratory factor analysis, confirmatory factor analysis, and structural equation model for hypothesis testing. The study result revealed that organizational learning has a statistically significant effect on innovation practice but a statistically insignificant effect on organizational performance. The study also revealed that innovation plays a full mediation role between organizational learning and performance. The study concluded that organizations pay more attention to acquiring, sharing, and transferring knowledge to improve innovation practice, which enables them to practice innovative technology to maximize their organizational performance. From this, the managers and concerned bodies should plan and work on organizational learning and practicing innovative technology. In the future, other researchers should use different organizations and methodologies.

The reality in the world shows that organizations with learning commitment, knowledge sharing, distribution, and experience sharing have a better chance of producing and processing new and innovative product that enables them to boost their performance (Pham & Hoang, 2019; Patky, 2020; Zahra et al., 2019). However, the innovative practices of an organization are highly influenced by knowledge sharing, acquiring, and dissemination within an organization and among organizations (Farzaneh & Nazari, 2020; Zhu et al., 2021; Watanabe-wilbert & Steil, 2022).

As floriculture is a branch of horticulture and booming youngest agro-industry sectors focusing on the cultivation of flowers and ornamental plants, it has overcome serious global problems caused by organizational learning and innovation practices (Birkie, 2019; Nimona Fufa Hunde, 2018). Even though Ethiopia is the fastest growing in East Africa and the second most populous country in Africa, the flower manufacturing firms were challenged due to a lack of organizational learning and innovation practice (Addis et al., 2021).

The performance of competitive organizations is challenged directly or indirectly by OL activities such as knowledge acquisition, distribution, and interpretation (Milbratz & Gomes, 2020), knowledge sharing, commitment to learning, and individual learning opportunities (Tan & Olaore, 2021). As Mohammad (2019) mentioned, organizational learning indirectly affects firm performance due to a lack of knowledge acquiring, experience sharing, accessibility of learning, commitment to learning, and skill identification, while Arzubiaga and Palma-ruiz (2020) stated a direct significant influence on OP. Similarly, Ayuri and Nasution (2022) stated lack of OL (experimentation, risk-taking, interaction with the environment, and dialogue) directly influenced OP but had no significant effect (Milbratz & Gomes, 2020; Sultan Jemal, 2021). However, minor innovation practice differences between firms lead to organizational performance differences (Peng et al., 2019) and are concluded as direct effects of innovation practice caused due to innovation practice in producing and processing innovative products. As Ali et al. (2019) mentioned, innovation practice does not have a positive impact, while knowledge acquiring, sharing, disseminating, and learning commitment positively affect organizational performance. The results of Ferreira and Coelho's (2019) study show that innovation practices (searching for new opportunities, new products, new processes) have an indirect effect on performance, while Kitenga (2020) and Moccia et al. (2020) found significant direct and mediation effects on firm performance.

As the concept of Organizational Learning (OL) is an emerging concept, few studies have been conducted on organizational learning and innovation practices of manufacturing flower firms that challenge their performance. For instance, Mohammad (2019) conducted on Nigerian commercial bank from 587 respondents using SEM path analysis with SmartPLS3 (Arzubiaga & Palma-ruiz, 2020) on 156 CEOs in internationalized Spanish companies (Yuliansyah et al., 2021) conducted on 157 Indonesian financial service firm using SEM with SmartPLS, (Ayuri & Nasution, 2022) conducted on 57 Indonesian Public sectors using SEM with SmartPLS. In addition, an empirical study conducted by (Erena et al., 2023) on medium and large manufacturing firms in Ethiopia revealed that knowledge sharing has .30 and .33 direct effects on product innovation and process innovation, respectively. Recent study in Ethiopia, Oromia, on 197 manufacturing firms using OLS result showed that OL has .36 and .40 positive direct effects on product innovation and process innovation, respectively (Haile & Tüzüner, 2022) which also similar to (Haile & Tüzüner, 2022; Priyanto & Murwaningsari,

2022) the results from 286 textile and 146 leather producing firms in found that OL has a direct significant effect on OP while a study conducted by other researchers (Jones, 2019; Pudjiarti et al., 2019; Yeniaras & Benedetto, 2020) found that indirect significant effect on OP due to innovation practice. Therefore, OL has a statistically direct/indirect significant effect on OP and is also mediated by innovation practice.

Therefore, based on the above research gap and evidence from the reviewed literature, the study was conducted to assess the effect of Organizational learning on organizational performance and the mediation role of innovation practice in Batu area flower firms.

Literature Review and Theoretical Framework

Organizational Learning, Organizational Performance, and Innovation Practice

Organizational learning concept is a multidimensional concept that refers to a process of acquiring, sharing, and transferring knowledge to improve organizational performance by improving customer satisfaction, increasing sales, increasing profit, and enhancing innovation (Mohammad, 2019; Oluwayemisi & Abayomi, 2018).

Knowledge Acquisition (KA) is the first phase in the process of knowledge absorption. It refers to a company's capacity to recognize and acquire new knowledge through interaction with internal and external environments for efficient organizational processes as well as to identify and acquire externally generated knowledge important to its operations (Milbratz & Gomes, 2020; Xie et al., 2018). Knowledge sharing is the predominant trend that focuses on information sharing, knowledge flows, and identifying the interconnection between the knowledge at the individual level and organizational level (Antunes & Pinheiro, 2020; Singh et al., 2021; Zbucheá et al., 2019). OL is an economic asset and process of learning that leads to new ideas generation, creative thinking, and new product development that enhances incremental change in organizational performance (Aamir et al., 2021; Alashwal et al., 2019; Reuben & Olajide, 2019; Seok-Young, 2019).

Innovative practice is the result of sharing and transferring new knowledge. The ability to practice new ideas, new technology, and new products/services depends on the skills to acquire and use new knowledge from the internal or external environment (Milbratz & Gomes, 2020). Firms that want to cultivate innovation practices need to establish routines and learning processes because innovation practice requires individuals to acquire and share existing knowledge within the organization, which shows that organizational learning is positively associated with innovation practices (Efendi et al., 2020; Ghasemzadeh et al., 2021; Singh et al., 2021) while the positive low-effect (Haile & Tüzüner, 2022). Hence, acquiring, sharing, and transferring knowledge at individual, group, and organizational levels enables the search opportunities for new ideas and increases creativity, improving the firms' innovative practice and organization to produce and process innovative products/services. Therefore, the study developed the following two direct hypotheses.

H1: Organizational learning has a significant effect on organizational performance.

H2: Organizational learning has a significant effect on innovation practice.

The Effect of Innovation Practice (INVP) on Organizational Performance

Innovation is a concept for handling change in a dynamic environment to overcome rapidly changing environments (Ali et al., 2019; Kump et al., 2019) for identification and adjustment of opportunities through continuously scanning, filtering, and exploring innovative products and processes in order to enhance organizational profit (Lütjen et al., 2019).

Innovative practices help organizations maintain the performance gap and focus on customer satisfaction related to the firms' performance. Innovative practice is the ability to create new, innovative products and services (Ferreira & Coelho, 2019; Lütjen et al., 2019; Muithya & Muathe, 2020; Salisu & Abu Bakar, 2020) and most practicing, promoting, and improving innovation should be the key focus area of organizations to improve organizational performance (Efendi et al., 2020).

The innovation practice can improve a firm's ability to increase its innovative service/product when using innovative technology, which enables the improved performance of the organization (Fernando et al., 2019; Hurtado-Palomino et al., 2022; Migdadi, 2021; Shahzad et al., 2022). Creating new, innovative products and services was positively correlated with an improvement in overall productivity over the short term and an increase in total yield over the long run. Promoting innovative technology that helps organizations cut costs ultimately improves organizational performance (Rotjanakorn et al., 2020; Najib et al., 2022). Therefore, the ability to create new technology and products/services enables organizations to improve their performance.

H3: Innovation practice has a significant effect on organizational performance.

Mediation effect of Innovation Practice between Organizational learning and Organizational Performance

Organizational Learning (OL) has been emphasized as a key influence on organizational performance as knowledge acquisition, dissemination, and transformation foster innovative practice (Farzaneh & Nazari, 2020). Organizations practicing innovation can respond to the challenges by identifying and transforming opportunities to promote better performance (Sadaqat et al., 2020). OL can stimulate innovation practice because organizations seek new and innovative information, innovative products, and innovative technology to satisfy customers, increase sales, and increase profit, which leads to indirectly improved organizational performance (Yuliansyah et al., 2021).

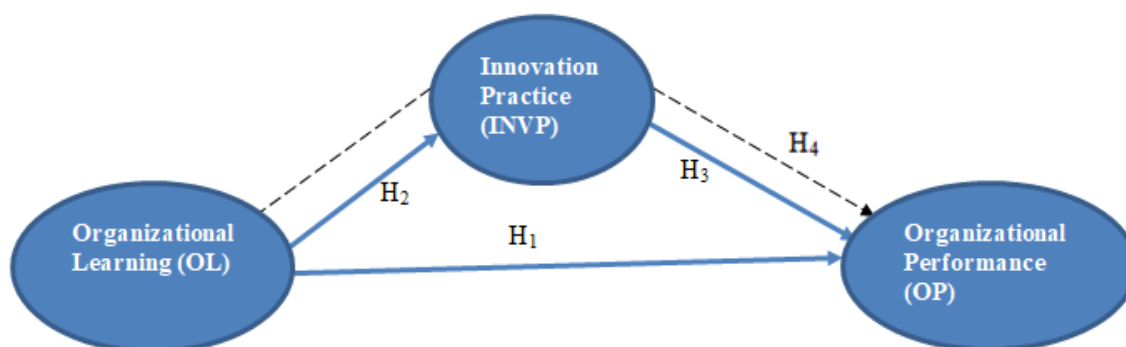
Firms that acquire knowledge from a wide range of external sources and knowledge channels are able to scan and identify existing and new opportunities to improve innovation practice directly and improve firm performance indirectly (Pollok et al., 2019). OL supports creativity-inspiring new knowledge, new working ways, and producing a new product that fosters innovation practices and improves organizational performance indirectly (Milbratz & Gomes, 2020; Luan et al., 2022). OL affects organizational performance indirectly (Efendi et al., 2020; Lopes, 2020; Yuliansyah et al., 2021). Therefore, organizational performance is indirectly influenced by innovation practice.

H4: Organizational learning has a significant influence on organizational performance through dynamic capability.

Figure 1 presents the research model of the study.

Figure 1

Proposed Conceptual Research Model



Method

Research Approach and Design

Quantitative research evaluates feelings, viewpoints, attitudes, behaviors, and other kinds of factors to confirm or deny theories on a certain event. Additionally, it displays correlations and links between the many variables that have been researched (Cassol & Marietto, 2021; Hou et al., 2019; Khalil & Belitski, 2020). Additionally, the quantitative approach introduces statistical objectivity, universality, and extensiveness to search for objective reality through measurement and computations (Paul-Rodrigue Fomi, 2021). Furthermore, the quantitative method measures and computes statistical objectivity, universality, and extensiveness to determine objective reality. The final objective is to generalize the study sample's findings to a wider population or particular groups (Reuben & Olajide, 2019). As a result, the method allows for the conclusion to be made regarding the goals or hypothesis after a sequence of data analysis using statistical and mathematical techniques that Centre on either experimental or non-experimental methods. Thus, using the rationale above, the study employed a quantitative technique.

A descriptive and explanatory research technique was used according to the study's objectives and nature. Structural Equation Modeling (SEM) was used to examine the connection between organizational learning, innovation practice, and performance. SEM can be used to generate theories and concepts, test multiple related hypotheses in a single, systematic analysis, estimate multiple networking relationships at once, and determine whether the model fits the collected data because it is a multivariate technique that combines elements of factor analysis and multiple regression (Aamir et al., 2021; Bao et al., 2020; Masocha, 2018; Ngah et al., 2022).

Sample

Sampling is the method of choosing a representative sample in order to discover the parameters or characteristics of the entire population. In this study, probability sampling techniques were used, and 5(five) flower manufacturing industries surrounding Batu town were selected purposively for the study due to sufficient availability of flower factories,

knowledge acquiring, sharing and transferring practice around flower manufacturing industries, innovation practice and researchers' familiarity and interest in the area (Jones, 2019).

The targeted population within this study was more than 20,000 permanent and temporary workforces, which is very large, especially in Flower factories surrounding Batu town. In order to use SEM within AMOS, the sample size was chosen by taking into consideration the number of variables included in the proposed framework or study, which should preferably be 10 times. Common recommendations state that sample sizes between 300 and 500 are sufficient for most studies. Due to the need for a large sample size, consideration of a non-response rate finite population enables the calculation of an ideal sample size and large population; the Cochran, 1977 sample size determination formula was employed.

$$n_0 = \frac{Z^2 pq}{e^2}$$

Where, n_0 is the ideal number of sample size

$Z = 1.96$ is the selected critical value of desired confidence level

$P = 0.5$ is the estimated proportion of an attribute that is present in the population

$q = 0.5$ is $1-p$

$e = 0.05$ is the margin error based on confidence interval.

Hence, $n_0 = 384$.

Using this ideal number of sample size and the correction formula

$$n = \frac{n_0}{1 + \frac{(n_0 - 1)}{N}}$$

Where n is the new adjusted sample size, and N is the population size.

Therefore, 377 employees using simple random sampling with the lottery method were sampled as an efficient sample size. To ensure the number of respondents and to obtain an accurate sample size, 10% (38) of respondents will be added as a non-response rate number. Finally, the questionnaire was distributed to 415 sampled workforces through a self-administered questionnaire.

Data Collection

Primary data were collected for this study from respondents chosen from flower manufacturers in the Batu area using a self-administered schedule; additional data was acquired from a variety of journals and publications to assess the findings in books, published and unpublished documents, journals, and various reports. Relevant sources provided main and secondary data that were obtained in order to help achieve the stated goals.

Instruments

The questionnaire has been standardized and tailored to the study's content using validated constructs from prior research. The constructs include Organizational learning (6 items) developed by Zbucnea et al. (2019), Antunes and Pinheiro (2020), and Singh et al. (2021), Innovation practice (6 items) which was adapted from Rotjanakorn et al. (2020), Najib et al.

(2022), and for the latent variable organizational performance (6 items) was taken from Arzubiaga and Palma-ruiz (2020) and Tan and Olaore (2021). Every item on the questionnaire was scored on a 5-point Likert scale that went from "strongly disagree" to "strongly agree." Nevertheless, because of low factor loadings, no items were eliminated from additional analysis. The analysis was conducted based on the data gathered from just 18 items and respondents' demographic information.

Data Processing and Analysis

The raw data is usually altered as the first step in the analysis process to ensure the data is accurate, consistent, and complete for further analysis (Amir et al., 2021; Bao et al., 2020). This indicates that no survey determined to be flawed, inconsistent, or deficient survey has been deemed appropriate for inclusion in the next data processing and analysis. After the data were entered, coded, and edited, they were then examined using descriptive statistics and inferential analysis. The study used a structural equation model with factor and route analysis to examine the relationship between organizational learning and performance, with innovation practice serving as a mediating component. Descriptive analysis was carried out using SPSS version 20, and comprehensive structural equation model analysis was carried out using SPSS AMOS 26 in order to ascertain the direct and indirect effect of the research variables.

Results and Discussion

Reliability Statistics

Reliability is the extent to which an assessment tool produces accurate and reliable results that are stable, repeatable, and easy for other researchers to replicate the findings of your study (González-Rodríguez et al., 2020). Thus, by examining the Composite Reliability (CR) and Cronbach's alpha coefficients, internal consistency reliability evaluated as values over .70 and below .95 indicate good reliability, while a value closer to 1.00 is perfect internal consistency (Imran et al., 2021; Hurtado-Palomino et al., 2022; Kareem & Mijbas, 2019). Therefore, the individual alpha scale in this study was greater than 0.70 as it ranges between .94 and .99, as shown in Table 1. Additionally, the result from Table 1 shows the values of composite reliability range from .93 to .95, which indicates that items have internal consistency.

Table 1

Reliability Statistics

| Variables | Cronbach's alpha | Composite Reliability (CR) | No of Items |
|---------------------------------|------------------|----------------------------|-------------|
| Organizational Learning (OL) | .99 | .93 | 6 |
| Innovation Practice (INVP) | .99 | .95 | 6 |
| Organizational Performance (OP) | .99 | .95 | 6 |
| Overall Scale | .92 | | 18 |

Demographic Information Analysis

As shown in Table 2, 65.5% of the respondents were male, while the rest was female. More than half of the respondents' age group belonged to the 31–40 age group, 53.2%, 32.8% were in the age group of 18 – 30, and a few of them belonged to the age group above 41 years old. The majority of the respondents' educational level was 1st degree holders 75.4%, second degree and above 19.9% while 4.6% had a college diploma/TVET level education. As shown in Table 2, 56% of the respondents have 6 -10 years of working experience, while 32% have

working experience below 5 years. This indicates that the majorities of employees in flower manufacturing firms around Batu town were male and comprised the productive age group with better educational levels and work experience. This enables firms to acquire, share, and transfer knowledge that is used to practice innovation and improve organizational performance.

Table 2

Demographic Response of the

| | Type | Frequency | Percent |
|--------------------------|----------------------|-----------|---------|
| Gender | Male | 256 | 65.5 |
| | Female | 135 | 34.5 |
| | Total | 391 | 100.0 |
| Age group in years | 18 - 30 | 132 | 33.8 |
| | 31 - 40 | 208 | 53.2 |
| | 41 - 50 | 35 | 9.0 |
| | Above 50 | 16 | 4.1 |
| | Total | 391 | 100.0 |
| Education | College Diploma/TVET | 18 | 4.6 |
| | 1st Degree | 295 | 75.4 |
| | 2nd Degree and Above | 78 | 19.9 |
| | Total | 391 | 100.0 |
| Work experience in years | Up to 5 | 125 | 32.0 |
| | 6 - 10 | 219 | 56.0 |
| | 11 - 15 | 40 | 10.2 |
| | Above 15 | 7 | 1.8 |
| | Total | 391 | 100.0 |

Factor Analysis of the Study Variables

The EFA was conducted once it was established that the data were appropriate for factor analysis. Principal component analysis and the Varimax rotation approach were employed as the study's criteria. EFA was used to simplify the items and determine the underlying link between the variables under study. Additionally, items with an inter-item correlation of 0.4 or higher and those loading 0.4 or higher on a single factor were kept, while items loading less than .4 were removed from further analysis.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin (KMO) and Bartlett's sampling adequacy test were utilized to assess the suitability of the data for factor analysis. According to Kareem and Mijbas (2019), KMO values falling between 0.8 and 0.9 are regarded as satisfactory, whereas values over .9 are exceptional. The chi-square is significant (less than .001) according to the KMO and Bartlett's test results shown in Table 3, indicating that the study data were sufficient to apply factor analysis. All of the items included in this investigation had extraction loading values between .92 and .98, which are significantly higher than .5. As a result, this finding may support the need for additional study analysis to do an effect analysis (Table 4).

Regarding the pattern matrix, Table 4 shows the Varimax-based matrix with Kaiser Normalization, from which three components were selected. All of the items with factor loadings higher than 0.5 make up each factor. In addition, factor loadings of items and item-to-total correlation were checked, and no items were eliminated from additional analysis. The factor analysis's overall findings demonstrate that the requirements for construct validity have been satisfied.

Table 1*KMO and Bartlett's Test*

| | | |
|--|--------------------|----------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | .90 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | 20199.03 |
| | df | 153 |
| | Sig. | .000 |

Table 4*Rotated Component Matrix*

| | Component | | |
|-------|-----------|-----|-----|
| | 1 | 2 | 3 |
| OL2 | .97 | | |
| OL6 | .97 | | |
| OL5 | .97 | | |
| OL3 | .97 | | |
| OL4 | .96 | | |
| OL1 | .96 | | |
| INVP2 | | .98 | |
| INVP1 | | .98 | |
| INVP3 | | .98 | |
| INVP1 | | .98 | |
| INVP6 | | .96 | |
| INVP5 | | .96 | |
| OP6 | | | .98 |
| OP1 | | | .98 |
| OP3 | | | .97 |
| OP4 | | | .97 |
| OP5 | | | .96 |
| OP2 | | | .95 |

Note. Extraction Method: Principal Component Analysis; Rotation Method: Varimax with Kaiser Normalization; a. Rotation converged in 5 iterations.

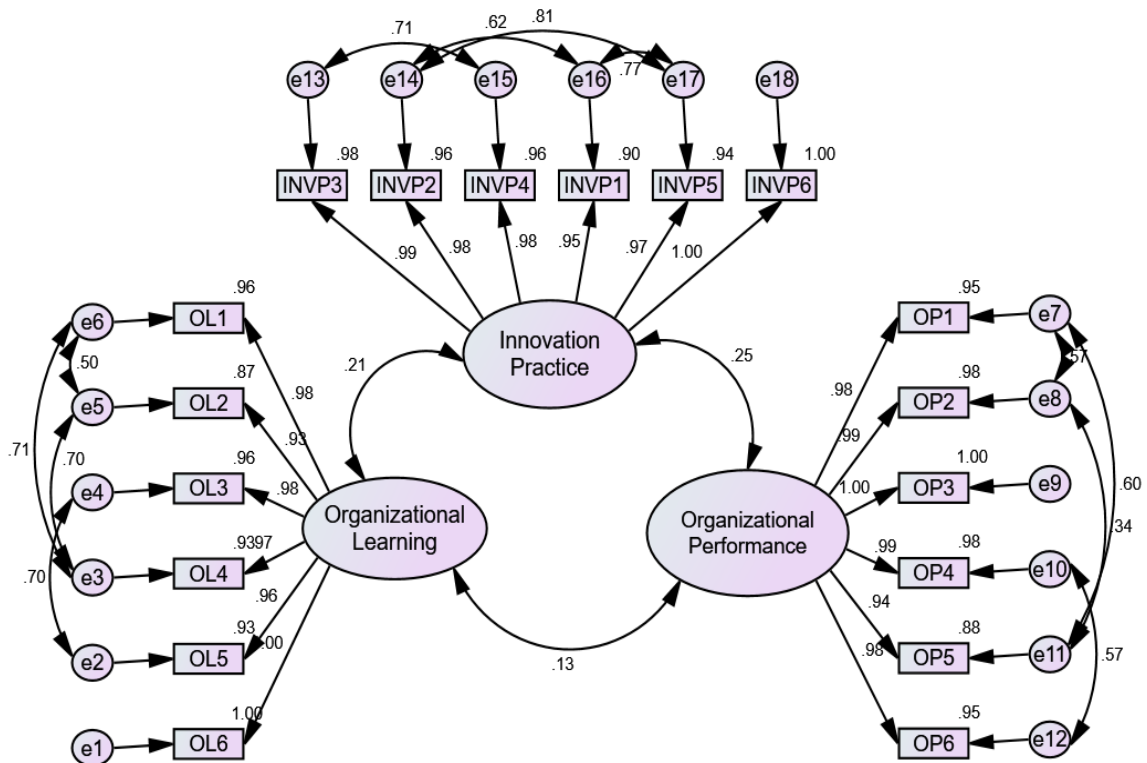
Based on the construct validity confirmation, CFA was conducted. The CFA in [Figure 2](#) shows that the model is a good fit as all model fit criteria (chi-square = 136.3; df = 120; CMIN/DF = 1.13; $p = .14$; CFI = .99; TLI = .99; SRMR = .06; RMSEA = .01) after modification indices were conducted using item error correlation. Consequently, the final model met the requirements for model fitness, and the model fit indices show that the data are appropriately fitted to the model, which ensures that the data and results are accurately comprehended.

As presented in [Table 5](#), the AVE values of the constructed range between .96 and .97, which shows values greater than .5 and the extraction values of all items greater than .5. Hence, according to Da Costa et al. (2020) and Migdadi (2021) the convergent validity was achieved. The discriminant validity was assessed by calculating if the square root of the average variance of each construct is greater than the correlation between each pair of constructs (Rotjanakorn et al., 2020). [Table 5](#) demonstrates how all of the constructions' square root values (diagonal elements in bold) have higher values than the comparable correlations with the other constructs. Therefore, the discriminant validity of this study was good and achieved.

Table 5
Validity Test

| Construct | Items | Initial | Extraction | AVE | OL | INVP | OP |
|---------------------------------|-------|---------|------------|-----|------------|------------|------------|
| Organizational Learning (OL) | OL1 | 1.00 | .98 | .96 | .98 | | |
| | OL2 | 1.00 | .92 | | | | |
| | OL3 | 1.00 | .97 | | | | |
| | OL4 | 1.00 | .97 | | | | |
| | OL5 | 1.00 | .94 | | | | |
| | OL6 | 1.00 | .98 | | | | |
| Innovation Practice (INVP) | INVP1 | 1.00 | .95 | .97 | .21 | .99 | |
| | INVP2 | 1.00 | .98 | | | | |
| | INVP3 | 1.00 | .97 | | | | |
| | INVP4 | 1.00 | .96 | | | | |
| | INVP5 | 1.00 | .97 | | | | |
| Organizational Performance (OP) | OP1 | 1.00 | .97 | .97 | .13 | .25 | .99 |
| | OP2 | 1.00 | .98 | | | | |
| | OP3 | 1.00 | .98 | | | | |
| | OP4 | 1.00 | .98 | | | | |
| | OP5 | 1.00 | .93 | | | | |
| | OP6 | 1.00 | .96 | | | | |

Figure 2
Measurement Model Assessment by CFA



The study tests the proposed model by performing SEM using AMOS 26. Figure 3 shows the result of the SEM, and Table 6 provides a summary of the hypothesis testing result of the SEM.

From Table 6, organizational learning of flower manufacturing firms has a statistically insignificant effect on organizational performance, and innovation practice has a statistically

significant effect on organizational performance at a standardized beta coefficient of .24 while influenced by organizational learning at a standardized beta coefficient of .23. This study result also argued with study result Peng et al., (2019) that indicates innovation practice and organizational performance has significant relation. It is also supported by study results from Farzaneh and Nazari (2020), Thanh Nhon et al. (2020), and Pundziene et al. (2021) that pointed out the knowledge acquiring, sharing, transfer, and commitment to learning can influence the firm performance indirectly and innovation practices directly.

The total standardized direct effect of OL on INVP is .23, as shown in Figure 3. This shows that the INVP of flower manufacturing companies changes by .23 standard deviations for every standard deviation that OL changes. The study's findings also show that the overall direct effect of INVP on OP is .24, meaning that an increase in INVP of one standard deviation results in a .26 standard deviation change in organizational performance (Figure 3). The result from Figure 3 also shows the indirect effect of OL on OP with a Beta coefficient of .05 (.31*.26), which indicates as OL increases by one standard deviation, OP goes up by .05 standard deviation, indirectly keeping all other factors as constant. The total (directly and indirectly) effect of OL on OP is .05 (.00 + .05). Hence, one standard deviation increase by OL causes a .05 standard deviation increase to OP, keeping all other factors constant.

Table 6
Regression Weight

| Construct | | Unstandardized Estimate | Standardized Estimate | SE | CR | p | Hypothesis | Result |
|-----------|-------------------|-------------------------|-----------------------|-----|------|------|------------|---------------|
| INVP | <--- OL | .31 | .22 | .06 | 4.65 | *** | H2 | Supported |
| OP | <--- INVP | .26 | .23 | .05 | 4.77 | *** | H3 | Supported |
| OP | <--- OL | .08 | .05 | .07 | 1.07 | .283 | H1 | Not Supported |
| OP | <--- INVP <--- OL | .05 | .24 | .01 | 4.90 | *** | H4 | Supported |

Figure 3
Structural Model of the Hypothesized Test

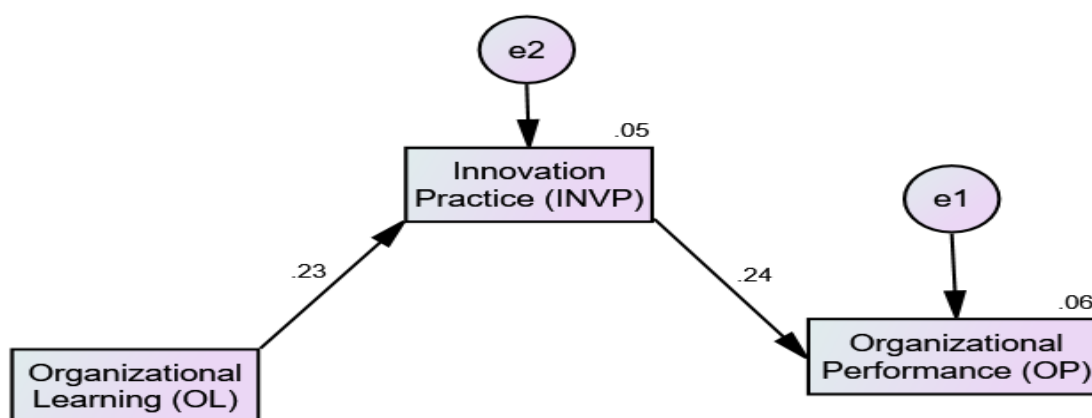


Table 7
Model Fitness

| CMIN/DF | p | SRMR | GFI | TLI | CFI | RMSEA |
|---------|-----|------|-----|-----|-----|-------|
| 1.150 | .28 | .03 | .99 | .98 | .99 | .02 |

From [Figure 3](#) and [Table 7](#), all model fit criteria were achieved. Organizational learning has a significant and positive effect on innovation practice. This shows that organizations improve their innovation practice by improving knowledge acquisition, sharing, and transfer among their employees and other organizations to use innovative technology. Using innovative technology, innovative ideas, and innovative products/services, organizational performance is also enhanced. However, sharing, transferring, and being committed to learning do not influence organizational performance without innovation because the current world, market, and community need innovation. Therefore, among the study hypotheses, H1, H3, and H4 were supported, while H2 was not supported.

Conclusions, Recommendations, and Future Directions

This study aimed to assess the effect of organizational learning on organizational performance under the mediating role of innovation practice in the case of Batu area flower manufacturing firms. From the findings of this study, the researcher concluded as follows:

The majority of the respondents were male, with 65.5% and 53.2%, and aged 31-40 years old, with 75.4% 1st degree education level. Hence, flower manufacturing firms in the study area have productive and good educational employees that enable them to acquire, share, and transfer their experience and knowledge and use innovative technology to produce innovative products. This leads the organization to improve performance. Since the majority of the respondents were male, it is recommended that they participate with females in their organization.

From the SEM model assessment result, organizational learning has a statistically insignificant effect on organizational performance. However, OL has a significant positive effect on OP under the mediation of innovation practice. This indicates that in the technological development and innovation era, an organization learning by acquiring, sharing, and transferring knowledge does not influence the organization's sales growth, customer satisfaction, and internal process. Therefore, the study recommended that organizations give attention to organizational learning activities directly and highly used to improve performance. Based on this, the researcher should use more organizational learning dimensions and conduct a study on other firms rather than flower manufacturing firms.

Declarations

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Ethics Approval

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