The Design of Organizational Culture and Knowledge Sharing in Creating Innovation Behavior and Its Impact on Organizational Performance in Family Companies

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ABSTRACT
This study aimed at analyzing the interaction between organizational culture and knowledge sharing activities with innovation behavior that impacts organizational performance. This study used a quantitative approach employing survey methods on employees of family/foundation companies with a sample of 150 respondents chosen using the purposive sampling technique through filling out questionnaires. The analytical tool used in this study was the Structural Equation Model. The study results indicated that organizational culture affected knowledge sharing activities and innovation behavior, which improved organizational performance later. A better organizational culture would shape the positive behavior of employees, as indicated by the high level of knowledge-sharing activities and the level of innovation in the organization. Knowledge-sharing activities are also the basis for innovation in an organization; however, knowledge-sharing activities were not proven to affect organizational performance directly.

Keywords: *organizational culture, sharing knowledge, innovation behaviour, performance.*

1. INTRODUCTION

Along with advances in science and technology, every organization must be able to implement, utilize, and manage its human resources as one of the organization's efforts to develop human resources [1, 2]. Human resource development is related to the availability of opportunities and development of continuous learning both through formal and non-formal training programs that involve every element of an organization, especially employees.

An organization with good performance will be represented by qualified and trained human resources [3]. Therefore, employee training activities are an essential requirement for an organization. Without training, employees do not have a solid understanding of their responsibilities or duties. Employee training refers to programs that provide information, new skills, or professional development opportunities [4].

Education and training programs carried out formally require considerable costs, especially when it comes to involving all employees in an organization [2]. This is not comparable to the essence of the organization, where every organization needs to increase the efficiency of achieving its goals [5]. A conducive, progressive, and enduring culture is believed to be the basis of efficiency (Flanagan, 2010). Therefore, developing organizational culture has several important goals: conveying a sense of identity for organizational members, facilitating commitment formation, increasing organizational stability, and functioning as a sensing device that can guide and shape behavior [5]. Organizational culture provides rules and ways of behaving for employees [6]. According to [7] defines three levels of organizational culture: "artifacts" (including observable symbols, mission, and vision statements), "embraced beliefs and values", and "basic underlying assumptions". In addition, organizational culture influences employee readiness to change [8].

Organizations will see the value of inspiring employees to innovate and share knowledge with colleagues because these activities can lead to sustainable organizational success [9]. Innovation behavior refers to "all employee behaviors that are directed at the

generation, introduction, and application of a new idea, process, product, or new procedure to the relevant adoption unit which should be of significant benefit" [10]. Innovation that is closely related to technology has been proven to accelerate overall organizational performance [11]. According to [12], innovative work behavior consists of four stages, namely idea formation, opportunity exploration, scramble for ideas, and implementing ideas. On the other hand, knowledge sharing is positively correlated with individual innovation [13,14].

Knowledge sharing activities can lead to developing guidelines, contributing to research, symposia, conferences, academic discussions, reports, and updating of expertise. Knowledge sharing is a specific set of behaviors that involves exchanging relevant data or knowledge to collaborate with others to develop new ideas and implement policies [15]. In an organization, knowledge sharing often occurs because there is volunteerism within an organization [16]. According to [15] emphasize that knowledge sharing is perhaps the most critical knowledge management practice as it embodies all the opportunities and challenges associated with managing intangible and invisible assets. While technology can assist in capturing and distributing knowledge, emphasis should be placed on the organization. In addition, [17] suggest that an organization can succeed in knowledge management when it has a supportive corporate environment, which can be used as norms and values that bind together.

According to [18] offer four formation and knowledge transfer models. This model is often referred to as the SECI model, namely:

- Tacit to tacit communication (Socialization) is a process of sharing knowledge and making tacit knowledge a mental model and technical skill. Tacit knowledge can be obtained through observation, imitation, and practice. Emerged because of sharing and creating tacit knowledge through direct experience.

- Tacit to explicit communication (Externalization) is the process of articulating tacit knowledge in explicit concepts in the form of metaphors, analogies, hypotheses, or models (e.g., brainstorming).

- Explicit to explicit communication (Combination) is a systematic process of concepts into knowledge systems by combining different explicit knowledge. Explicit knowledge is transferred through media such as documents, meetings, emails, or telephone conversations. This knowledge categorization will give rise to new knowledge.

- Explicit to tacit communication (Internalization) is the process of converting explicit knowledge into tacit knowledge and close to the concept of learning by doing, for example, a report and concluding new ideas or taking constructive action.

Culture and its impact on knowledge creation and the use of the SECI model (socialization, externalization, combination, and internalization) will increase organizational insight into knowledge creation and the processes involved in it [19]. The use of the SECI model to measure knowledge creation and sharing across companies is widely recognized. Therefore, organizational culture will have a close relationship with the knowledge management process within the organization.

Based on the explanation above, this research will analyze the relationship between organizational culture, knowledge-sharing activities, and innovation behavior. In addition, this study will also analyze the effect of knowledge sharing and innovation on company performance. The hypotheses built in this study are:

H1. Organizational culture can influence knowledge-sharing activities.

H2. Organizational culture can influence innovation behavior.

H3. Knowledge-sharing activities can influence innovation behavior.

H4. Knowledge-sharing activities can affect organizational performance.

H5. Knowledge innovation behavior can affect organizational performance.

2. METHODS

This study used a quantitative approach using survey methods. The survey was conducted on employees of family companies. Family companies are considered appropriate to apply the research model considering the many unique qualities possessed by family companies which usually emphasize the principle of kinship itself. The family company in this study was in the form of a family foundation where every member of the organization still has family ties. The family foundations that form the framework for this research population were the Cipasung Foundation, the Manba'ussalam Foundation, and the Syam Salaam Foundation, all engaged in education. The sample size in this study referred to the opinion of [20], where the ideal sample size in survey research was 100-200 respondents. The sampling technique used was purposive sampling because the prospective respondent must meet specific requirements to convince the researcher that the respondent was proper. The primary data collection tool used was a digital questionnaire (using a google form). The attitude measurement scale applied to the questionnaire was a Likert scale with a magnitude of seven (7) scales for each statement. Operationalization of variables in this study consisted of one exogenous variable, namely organizational culture, and three

endogenous variables, namely knowledge sharing, innovation, and organizational performance.

The use of the dimensions of the organizational culture variable was adopted from the research of [7] and has been adjusted to assumption, attitude, ethics, beliefs, leadership, norms/rules, values. The dimensions of knowledge sharing each adapt the general concept of socialization, externalization, combinations, and internalization [18], which are still widely used by relevant research. Innovation behavior can be represented by the dimensions of idea formation, opportunity exploration, scramble for ideas, and implementing ideas [12]. Furthermore, the dimensions of organizational performance include effectiveness, efficiency, quality, profitability, and productivity [21]. Construct derivation for each variable can be seen in the table 1 as a follow:

Table 1. Research Variable Construct

Variable	Dimensions/Indicators
Organization Culture	• Assumption • Attitude • Ethics • Beliefs • Leadership • Norms/rules • Values
Knowledge Sharing	• Socialization • Externalization • Combinations • Internalization
Innovation Behaviour	• Idea formation • Opportunity exploration • Scramble for ideas • Implementing ideas
Organizational Performance	• Effectiveness • Efficiency • Quality • Profitability • Productivity

Table 1 shows that 19 factors became the measurement of the four variables studied in this study. All factors were involved in testing the structural interactions between variables in this study. The analytical tool used in this research is the Structural Equation Model (SEM) using the M-Plus software's help. SEM was chosen as an analytical tool because the formulated research model was included in the multivariate analysis.

3. RESULTS AND DISCUSSION

The data obtained were from 150 employees in a family company in the form of a foundation. The results of collecting data on the characteristics of respondents based on age in this study quantitatively are as follows: family foundation employees are mostly aged 30 to 40 years, reaching 45.5% of the total selected respondents. Profile of respondents based on gender, quantitatively the employees of family foundations were mostly male, reaching 70.5% of the total selected respondents. Family foundation employees' work length was more than ten years, which represented 42.5% of the total selected respondents.

The analysis results showed that the loading factor value for the overall item measurement of each variable, namely organizational culture, knowledge sharing, innovation, and organizational performance, could meet the criteria (> 0.4). When the loading factor exceeds the criteria, it can be declared valid and [20]. The value of Construct Reliability for each variable has a value of more than 0.6, which has met the requirements and can explain the latent variables it forms. For the variance extracted value, all variables have met the minimum requirement of more than 0.50. So it can be concluded that the instrument used for this research was good.

The tested model will be considered good or satisfactory if the chi-square value is low based on probability with a cut-off value of $p > 0.05$. Based on the calculation results, the chi-square value was 167.242; thus, the tested model was good. The RMSEA value, which was smaller than or equal to 0.08, is an index for accepting the model, which shows a close fit based on degrees of freedom. Based on the calculation results, the RMSEA value was 0.072 < 0.080. In addition, the resulting CMIN/DF value was 1,968, which can meet the criteria (< 2), so the model can be received well. The GFI obtained is 0.898 with the recommended acceptance rate greater than 0.90, which indicates that the model is still acceptable with a marginal fit level. Based on the calculation results, the TLI value of 0.911 was smaller than 0.95, and the CFI index was 0.928, which was smaller than 0.95 or the marginal fit classification so that the model is still acceptable. Research model can be seen in the Figure 1 as a follow:

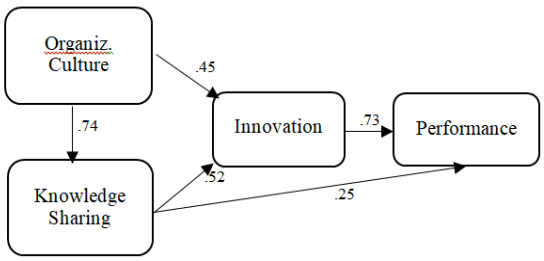

Figure 1. Research Model

Source: M-Plus Analysis Results

From the results of the analysis shown in Figure 1, it can be seen that the estimated parameter of the relationship between organizational culture and knowledge sharing activities is 0.742. Testing the

relationship between the two variables shows the value of C.R = 6.226 with probability = 0.000 (p <0.05). Thus, hypothesis 1 is accepted because there was a positive correlation between organizational culture and knowledge-sharing activities. Therefore, the better the organizational culture owned by the company, the better the knowledge-sharing activities between employees. The estimated parameter of the relationship between organizational culture and innovation behavior was 0.448. Testing result of the relationship between the two variables showed the value of C.R = 3.293 with probability = 0.000 (p <0.05). Thus, hypothesis 2 is accepted because there was a positive correlation between organizational culture and innovation behavior. So that the better the organizational culture owned by the company, the better the innovation behavior formed. The estimated parameter of the relationship between knowledge-sharing activities and innovation behavior was 0.521. Testing the relationship between the two variables shows the value of C.R = 3.318 with probability = 0.000 (p <0.05).

Thus, hypothesis 3 is accepted because there was a positive correlation between knowledge-sharing activities and innovation behavior. Therefore, the better the knowledge-sharing activities among employees, the better the innovation behavior formed. The estimated parameter of the relationship between knowledge-sharing activities and organizational performance was 0.248. Testing result of the relationship between the two variables showed the value of C.R = 1.162 with probability = 0.245 (p < 0.05). Thus, hypothesis 4 is rejected. Thus, it can be concluded that knowledge-sharing activities cannot be proven to affect organizational performance directly. The estimated parameter of the relationship between innovation behavior and organizational performance was 0.733. Testing result of the relationship between the two variables showed the value of C.R = 3.361 with Probability = 0.000 (p < 0.05). Thus, hypothesis 5 is accepted because there was a positive correlation between innovation behavior and organizational performance. Therefore, the better the innovation behavior, the better the organizational performance. A good organizational culture can create knowledge-sharing activities among employees and encourage employees to have innovative behavior. In addition, when an organization is accustomed to doing knowledge-sharing activities, the logical consequence is high innovation from its employees, which can further improve organizational performance. However, this knowledge-sharing activity cannot be a direct measure of performance, but this activity is only a facilitator for the formation of innovation behavior from employees.

4. CONCLUSIONS

Organizational culture has a positive influence on knowledge-sharing activities and innovation behavior. Sharing knowledge among employees aimed to increase knowledge equality in an organization so that every individual in the organization does not have a knowledge gap. This will be the basis for the formation of innovation behavior because of the understanding regarding the achievement of goals among employees. Every employee has also realized that their organization will perform well when they innovate in every work activity. Therefore, a higher level of knowledge sharing among employees cannot guarantee improving performance without innovation behavior.

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