

THE STRATEGIC ROLE OF ORGANIZATIONAL LEARNING IN LINKING INTERNAL CAPABILITIES AND FIRM PERFORMANCE AMONG INDONESIAN SMES

Ahmad Reza Hariyadi^{1*}, Rawiyah Abd Hamid², Nur Yuhainis Ab Wahab³

¹Othman Yeop Abdullah Graduate School of Business, Universiti Utara Malaysia

²³School of Business Management, College of Business, Universiti Utara Malaysia

E-mail: ahmad_reza_h@oyagsb.uum.edu.my^{1*}, rawiyah@uum.edu.my², nuryuhainis@uum.edu.my³

Received: 11/01/2026 | Revised: 20/02/2026 | Accepted: 08 /03/2026 | Published: 18/03/2026

Abstract

Small and Medium Enterprises (SMEs) play a strategic role in Indonesia's economic development, yet many face persistent challenges in transforming internal resources into sustainable firm performance. This study aims to examine the strategic role of organizational learning in linking internal capabilities and firm performance among Indonesian SMEs. Using a qualitative research design, this study adopts a library research approach combined with content analysis to synthesize recent scholarly literature on organizational learning, internal capabilities, and SME performance. The analysis focuses on key dimensions of internal capabilities, including managerial competence, innovation capability, operational flexibility, and knowledge management, and how these capabilities are strengthened through organizational learning processes such as knowledge acquisition, knowledge sharing, experimentation, and continuous improvement. The findings indicate that organizational learning plays a mediating and strategic role in transforming internal capabilities into improved firm performance. SMEs that foster a strong learning culture demonstrate higher levels of innovation, adaptability, and productivity in dynamic business environments. The study contributes to the strategic management and SME literature by highlighting organizational learning as a critical mechanism for enhancing resource utilization and long-term competitiveness. Practically, the findings provide insights for SME managers and policymakers to design capacity-building programs and knowledge-based development strategies that support sustainable SME growth in emerging economies.

Keywords: *Organizational Learning; Internal Capabilities; Firm Performance; Indonesian SMEs; Knowledge Management*

INTRODUCTION

Small and medium enterprises play a crucial role in economic development, particularly in emerging economies such as Indonesia. SMEs contribute significantly to employment generation, innovation, and regional economic growth. In Indonesia, SMEs represent the backbone of the national economy, accounting for a substantial proportion of total businesses and labor absorption (Přivara et al., 2025). Despite their importance, many SMEs face persistent challenges related to limited resources, technological capability gaps, and intense market competition. These constraints often hinder their ability to convert internal capabilities into sustainable firm performance (J. Wang et al., 2025). Internal capabilities such as managerial competence, innovation capacity, knowledge management, and operational efficiency are widely recognized as key determinants of organizational competitiveness (Osievskyy et al., 2025). According to the resource-based view, firms achieve superior performance when they effectively leverage valuable, rare, inimitable, and non-substitutable resources. However, possessing internal capabilities alone does not automatically translate into improved performance outcomes. Organizations must also develop mechanisms that allow them to continuously adapt, learn, and reconfigure their resources in response to environmental changes (Dinh & Vo, 2025). Organizational learning has emerged as a critical strategic mechanism that bridges the gap between internal capabilities and firm performance. Through learning processes such as knowledge acquisition, knowledge sharing, experimentation, and reflection, organizations can enhance their ability to interpret information, improve decision-making, and foster innovation (Dinh & Vo, 2025). For SMEs operating in dynamic and uncertain environments, organizational learning becomes particularly essential in enabling them to adapt to technological

changes, shifting consumer preferences, and evolving market conditions (Drushlyak et al., 2025). In the context of Indonesian SMEs, the role of organizational learning remains underexplored in the literature, particularly regarding how it mediates the relationship between internal capabilities and firm performance. Many SMEs rely heavily on experiential learning, informal knowledge transfer, and adaptive problem-solving practices. Understanding how these learning processes influence the strategic utilization of internal capabilities can provide valuable insights into improving SME competitiveness and sustainability (Kalathingal & Ambrammal, 2025). Although many studies have explored the relationship between internal capabilities and firm performance, relatively few have examined the role of organizational learning as a strategic mechanism that connects these two constructs (Yeboah & Zogli, 2025). Most existing research focuses on resource ownership rather than on the processes through which resources are developed and utilized (Dinh & Vo, 2025). Furthermore, the majority of organizational learning studies have been conducted in large corporations within developed economies. There remains limited understanding of how organizational learning operates in SMEs within emerging economies such as Indonesia, where learning processes often occur informally and through experiential practices (Sultan et al., 2025).

Consequently, this study addresses this critical gap by synthesizing existing academic discourse to analyze how organizational learning facilitates the translation of internal capabilities into improved performance outcomes within the unique socio-economic landscape of Indonesian SMEs (Sikora & Baranowska-Prokop, 2024). The novelty of this study lies in conceptualizing organizational learning as a strategic bridge linking internal capabilities and firm performance in Indonesian SMEs. It emphasizes that learning processes are essential in transforming organizational resources into competitive advantages (Maulidizen, 2019). Additionally, this research highlights the contextual characteristics of Indonesian SMEs, including informal knowledge-sharing practices and adaptive learning behaviors, which contribute to capability development and organizational performance. Therefore, this study aims to examine the strategic role of organizational learning in linking internal capabilities and firm performance among Indonesian SMEs. By synthesizing theoretical perspectives and existing research findings, it seeks to develop a conceptual understanding of how learning-oriented practices can strengthen the effectiveness of internal capabilities in achieving superior organizational outcomes, thereby filling this critical gap through a comprehensive analysis of how structured learning mechanisms facilitate the transformation of latent internal assets into tangible competitive advantages

LITERATURE REVIEW

Internal Capabilities and Firm Performance

Internal capabilities represent a firm's ability to effectively utilize its resources to implement strategies and achieve organizational objectives. These capabilities often include managerial competence, innovation capability, operational efficiency, and knowledge management practices. In SMEs, internal capabilities are particularly important because these firms typically operate with limited financial and technological resources (Deda et al., 2025). Previous studies have shown that internal capabilities significantly influence firm competitiveness and growth. Firms with strong managerial skills and innovation capabilities are better positioned to develop new products, improve operational processes, and respond to market opportunities (Burger et al., 2024). Nevertheless, the mere existence of these competencies is often insufficient to guarantee success in volatile markets, necessitating a strategic conduit to convert potential strengths into sustained financial and operational gains (Irfan & Kusumastuti, 2023). Organizational learning serves as this vital conduit, enabling firms to refine their resource deployment through iterative knowledge acquisition and collaborative sharing (Ngatno et al., 2024). By facilitating the systematic distribution and interpretation of information, organizational learning transforms latent employee competencies into dynamic assets that sustain long-term performance (Al-Juoori et al., 2021).

This alignment between internal resources and adaptive learning processes is consistent with the resource-based view, which posits that competitive advantage originates from the effective articulation and systematic utilization of a firm's unique internal assets (Meekaewkunchorn et al., 2021). Consequently, this study explores the mechanisms by which Indonesian SMEs leverage learning-oriented practices to catalyze the conversion of intangible knowledge assets into superior operational performance (Sawaeen & Ali, 2021). Specifically, the integration of these learning-oriented practices facilitates a more agile response to market disruptions, ensuring that firm-specific knowledge is continuously refined and reconfigured to maintain a sustainable competitive advantage (Hadi, 2023). This strategic process effectively transforms fragmented individual experiences into cohesive organizational capabilities, thereby enabling SMEs to mobilize resources more effectively in response to complex competitive pressures (Hartono & Ardini, 2022).

Organizational Learning

Organizational learning is defined as the process through which organizations create, retain, and transfer knowledge in order to improve their performance. Learning occurs when organizations systematically analyze experiences, share knowledge among members, and adapt strategies based on new insights (Rahman et al., 2024). This framework encompasses multi-level processes—intuiting, interpreting, integrating, and institutionalizing that allow firms to transition from individual-level insights to collective organizational knowledge (Herlina et al., 2024). Within the context of Indonesian SMEs, this transformation process often relies on informal social networks and culturally embedded practices that facilitate the rapid dissemination of tacit knowledge across the enterprise. By fostering an environment that encourages both exploitative refinement of existing workflows and exploratory innovation, these enterprises leverage psychological safety to embed individual learning into the firm's core operational routines (Arifin et al., 2025).

Organizational learning enables firms to continuously improve their capabilities and respond to environmental uncertainty. Learning-oriented organizations tend to encourage experimentation, open communication, and collaborative problem-solving, which ultimately contributes to innovation and long-term competitiveness (Marrucci & Rialti, 2024). Furthermore, this deliberate synthesis of knowledge acquisition functions as a critical mediator, bridging the gap between static internal resources and the dynamic requirements of the Indonesian market (Masyhuri et al., 2024). By establishing these feedback loops, firms can synthesize foresight information to navigate institutional constraints, effectively translating external market signals into actionable strategic adjustments (Panjaitan et al., 2025).

Organizational Learning and SME Performance

In SMEs, organizational learning plays a vital role in facilitating capability development and strategic adaptation. SMEs often rely on experiential learning, informal knowledge sharing, and network-based collaboration to enhance their business practices (Hakim & Maulidizen, 2024). Through learning processes, SMEs can identify market opportunities, improve operational efficiency, and strengthen customer relationships (Hafeez et al., 2025). Furthermore, empirical evidence suggests that when these firms prioritize the development of unique employee competencies and integrate them into a shared vision, they significantly enhance their ability to transform tacit knowledge into measurable performance gains (Wanto, 2021; Yuliansyah et al., 2021). This systemic integration ensures that experiential knowledge is not merely siloed within individuals but is leveraged to optimize organizational agility in the face of shifting market dynamics (Anjaningrum et al., 2024). Such adaptive mechanisms are essential for SMEs to transition from reactive operational models to proactive strategic frameworks that sustain long-term growth (Hadi, 2023). Despite this potential, many Indonesian SMEs struggle to formalize these informal learning processes, often failing to institutionalize knowledge in ways that withstand employee turnover or radical environmental shifts. Consequently, empirical inquiry is required to delineate how such enterprises can effectively structure their knowledge management systems to bridge the gap between ad hoc experiential learning and sustained strategic performance (Ismail et al., 2023; Sukma, 2024).

METHOD

This study adopts a qualitative research design using library research and content analysis to explore the relationship between organizational learning, internal capabilities, and firm performance in the context of Indonesian SMEs. A qualitative approach is appropriate because the research aims to analyze conceptual frameworks, theoretical insights, and existing empirical findings related to organizational learning and SME performance. The library research method was employed to collect relevant scholarly sources, including peer-reviewed journal articles, academic books, policy reports, and international research publications related to strategic management, organizational learning, and SME development (Mehta et al., 2026). Sources were gathered from reputable academic databases such as Scopus-indexed journals, Google Scholar, and international institutional reports. Subsequently, a rigorous content analysis was conducted to categorize and synthesize these thematic insights, enabling the identification of key patterns that characterize the nexus between internal resource configurations and organizational outcomes within the Indonesian business landscape. After the literature collection process, the study applied content analysis to systematically examine the selected materials. Content analysis involved identifying key themes, theoretical constructs, and recurring patterns related to internal capabilities, organizational learning mechanisms, and firm performance outcomes (Mughtar et al., 2022). The analysis process consisted of three stages: data reduction, thematic categorization, and interpretative synthesis. This iterative procedure ensured that diverse perspectives on knowledge management were synthesized into a robust framework, facilitating a comprehensive understanding of

how learning-driven capabilities influence competitive advantage in Indonesian SMEs (Nuryakin & Qamari, 2025). By rigorously evaluating existing literature, this research synthesizes disparate theoretical strands to elucidate how organizational learning serves as a catalyst for transforming static internal assets into dynamic capabilities (Gumulya et al., 2022; Wahab et al., 2025). Through this analytical framework, the study integrates diverse perspectives from strategic management and organizational learning literature to construct a comprehensive understanding of how learning processes enable SMEs to leverage internal capabilities more effectively. This method allows the research to generate conceptual insights and strategic implications relevant to SME development in emerging economies, particularly Indonesia.

RESULTS AND DISCUSSION

Internal Capabilities as Strategic Resources for SME Competitiveness

The findings highlight that internal-capabilities such as managerial expertise, innovation capacity, operational flexibility, and knowledge management represent critical strategic assets for SMEs. These capabilities enable firms to improve productivity, develop new products, and respond to market opportunities (Nabilatuzaman & Maulidizen, 2024). However, SMEs often face constraints in maximizing these capabilities due to limited access to formal training, technology, and financial resources. Without appropriate mechanisms for knowledge development and capability enhancement, internal resources may remain underutilized. Organizational learning acts as the critical bridge in this context, enabling firms to internalize and leverage both latent human capital and external network inputs to drive performance (Zacca, 2025).

This synthesis aligns with the integration of Resource-Based and Knowledge-Based Views, where the effective orchestration of intangible assets specifically through deliberate learning cycles becomes the primary determinant of sustained competitive advantage in resource-constrained environments (Arief et al., 2023). Furthermore, the transition from static asset accumulation to dynamic capability building necessitates the institutionalization of absorptive capacity, which allows SMEs to identify, assimilate, and exploit external knowledge to overcome internal deficiencies (Ekawati & Prasetyo, 2026; N. Wang & Ariso, 2025). This processual perspective underscores that organizational learning is not a discrete administrative task but a recursive mechanism that evolves alongside the firm's lifecycle stages. Consequently, by embedding these learning cycles into their core strategy, Indonesian SMEs can successfully transform fragmented internal knowledge into a cohesive competitive advantage that mitigates environmental volatility (Wójcik et al., 2025; Yahaya & Nadarajah, 2023).

Moreover, these findings underscore that the iterative pursuit of knowledge allows small-scale enterprises to evolve their entrepreneurial orientation based on experiential feedback from past failures (Moh & Kemal, 2023). By fostering a culture that treats operational setbacks as critical information inputs, firms can recalibrate their strategic priorities to more accurately align with shifting market demands (Hernández-Linares et al., 2023). Additionally, organizational learning facilitates the development of robust business networks, which are essential for Indonesian SMEs to access external knowledge and compensate for limited internal resource bases (Johan et al., 2022). Furthermore, the research indicates that SMEs that prioritize shared vision and internal communication structures are better positioned to convert these collaborative network interactions into superior innovation performance (Abu-Rumman et al., 2021; Manalu et al., 2025). Ultimately, this strategic orientation toward continuous improvement ensures that Indonesian SMEs remain resilient against external shocks, such as supply chain disruptions, by maintaining a flexible and knowledge-driven organizational structure (Do et al., 2021; Kumalaningrum et al., 2023).

This capability for collective reflection transforms individual expertise into organizational intelligence, thereby serving as the fundamental engine that links internal resource deployment to sustainable performance outcomes (Fahmi & Yulianto, 2021; Nofiani & Fietroh, 2023). Such mechanisms underscore the imperative for Indonesian SMEs to institutionalize systematic knowledge-sharing protocols, as these processes convert latent human capital into actionable, market-responsive strategies (Abu-Rumman et al., 2025; Asare-Kyire et al., 2023). By institutionalizing these pathways, firms can effectively mitigate the liabilities of smallness and resource scarcity that frequently impede growth in volatile emerging markets (Akinlotu & Cavlan, 2023). Consequently, the alignment of internal strategic agility with structured knowledge acquisition emerges as the primary differentiator for SMEs attempting to scale within Indonesia's complex, high-uncertainty business environment (Henschel et al., 2024). Furthermore, the evidence suggests that firms leveraging collaborative knowledge creation as a foundational practice exhibit higher degrees of organizational agility, enabling them to proactively exploit innovation opportunities rather than merely reacting to competitive pressures (Arsawan et al., 2022). This proactive stance allows SMEs to transform external network information into a proprietary knowledge base, thereby creating a feedback loop that continuously enhances operational flexibility and strategic foresight (Jafari-Sadeghi et al., 2021). Such strategic integration of

external intelligence and internal resource orchestration is consistent with evidence indicating that relational capital and collaborative knowledge sharing significantly amplify the efficacy of SME innovation (Saputra & Pratomo, 2023). Accordingly, the establishment of internal feedback loops allows these enterprises to synthesize diverse insights from stakeholders, ensuring that learning is not merely an isolated activity but a central driver of organizational adaptability (Panjaitan et al., 2021).

Organizational Learning as a Catalyst for Capability Development

Organizational learning plays a vital role in strengthening internal capabilities by enabling firms to acquire, interpret, and apply new knowledge. Learning processes occur through formal and informal channels, including training programs, peer collaboration, mentoring, and experiential learning. For Indonesian SMEs, learning often emerges from practical experiences, interactions with customers and suppliers, and participation in business networks. These learning activities enhance problem-solving skills and improve managerial decision-making. By systematizing these experiential insights, organizations can refine their operational routines and dynamic capabilities, ensuring that knowledge diffusion serves as a consistent catalyst for improved firm performance (Al-Tabbaa & Zahoor, 2023; Herlina et al., 2024). Moreover, this integration fosters a culture of continuous improvement that enables SMEs to convert tacit, individual-level insights into structured organizational routines, thereby bridging the gap between resource acquisition and sustained competitive advantage (Achmad & Wiratmadja, 2025).

This transformation of internal knowledge into actionable competitive strategy allows firms to effectively navigate the dual pressures of limited resource accessibility and rapid technological disruption characteristic of the Indonesian market (Cuandra & Candy, 2024). Consequently, the systematic integration of these learning-oriented practices facilitates a more agile allocation of finite assets, enabling firms to achieve high-performance outcomes despite inherent operational constraints. Ultimately, the synthesis of these organizational learning mechanisms provides a theoretical bridge that explains how internal resource orchestration directly translates into improved performance metrics within the diverse SME sector. This study therefore posits that organizational learning acts as a mediating mechanism that converts resource-based inputs into distinct dynamic capabilities, effectively reconciling the paradox between resource constraints and market responsiveness (Adil & Hendayana, 2025).

Furthermore, empirical evidence suggests that this mediating role is particularly pronounced when SMEs successfully align their absorptive capacity with exploratory learning strategies to scan and exploit emerging market trends (Ding et al., 2023). Such alignment ensures that knowledge acquisition is not merely reactive but serves as a proactive instrument for navigating institutional voids and resource dependencies (Do et al., 2021). Consequently, by cultivating an environment that incentivizes knowledge experimentation, these enterprises can convert transient market information into durable strategic assets, thereby ensuring long-term resilience and superior competitive positioning (Bogale et al., 2025; Zahoor et al., 2022). This strategic integration aligns with the perspective that organizations must persistently incorporate new knowledge to improve future entrepreneurial initiatives and, ultimately, elevate firm performance (Hernández-Linares et al., 2023). Such systematic knowledge integration fosters a sustained competitive advantage, as documented in studies highlighting that deliberate knowledge distribution and interpretation processes directly bolster a firm's strategic positioning and overall performance (Maclean et al., 2023).

Moreover, the cultivation of a robust learning culture acts as a structural buffer, shielding SMEs from the deleterious effects of market volatility by fostering high-level operational synchronization. This synchronization enables firms to maintain internal alignment even when external environmental conditions shift rapidly. In this context, organizational learning functions as a critical dynamic capability, allowing Indonesian SMEs to transition from static resource utilization toward a more fluid, adaptive model of value creation (Yeboah & Zogli, 2025). By institutionalizing these adaptive behaviors, SMEs effectively mitigate the risks associated with information asymmetry, ensuring that organizational intelligence remains a sustainable driver of performance in increasingly competitive landscapes (Al-Juoori et al., 2021). Consequently, the embedding of such intelligence within decision-making frameworks empowers these enterprises to move beyond incremental adjustments, facilitating the strategic reconfiguration of core competencies in alignment with evolving market demands (Annamalah et al., 2023; Wójcik-Karpacz et al., 2023). Such internal mechanisms facilitate the transition from localized knowledge acquisition to the development of enterprise-wide strategic agility, which is essential for thriving within the unique institutional pressures of the Indonesian business environment (Siahaan & Tan, 2022; Song & Lee, 2024). This systemic reconfiguration empowers firms to adopt ambidextrous strategies, allowing them to balance the exploitation of current operational efficiencies with the exploration of novel market opportunities (Trihudyatmanto et al., 2025). By leveraging these ambidextrous approaches, SMEs can effectively synchronize their technological capabilities with market-oriented learning to ensure sustained growth (Cuandra & Candy, 2024). Moreover, empirical evidence

underscores that digital transformation acts as a crucial moderator, amplifying the influence of organizational learning and intellectual capital on the overall performance of medium-sized businesses (Ganawati et al., 2021).

Knowledge Sharing and Innovation in SME Performance

The effective dissemination of internalized knowledge facilitates the rapid adoption of digital technologies, which in turn stimulates innovation and bolsters firm resilience (Awad & Martín-Rojas, 2024). Such activities create a feedback loop where digital capability development serves as a critical enabler of knowledge management, transforming stagnant data into strategic assets that drive operational excellence. Furthermore, the integration of these digital initiatives allows SMEs to transcend traditional operational boundaries, thereby enhancing their agility in responding to the competitive dynamics of the Indonesian market. This synergistic relationship suggests that the fusion of knowledge-sharing practices and digital maturity is a prerequisite for SMEs to transform idiosyncratic learning into systematic, replicable performance advantages (Amalia et al., 2025).

Another important finding is that knowledge-sharing practices significantly influence innovation capacity. SMEs that encourage open communication and collaborative problem-solving tend to generate more innovative ideas and adapt more effectively to market changes. Organizational learning fosters an environment where employees continuously exchange insights and experiment with new approaches, which ultimately contributes to improved product development and service quality. Such collaborative dynamics essentially catalyze the development of organizational ambidexterity, enabling firms to concurrently optimize existing operational processes while exploring untapped market niches (Sala-Vilar, 2024). This strategic synergy reflects broader empirical insights, where knowledge-oriented leadership and structured sharing mechanisms are identified as essential catalysts for navigating the complex interplay between internal resource orchestration and successful open innovation outcomes (Tahmasebinia et al., 2023).

Ultimately, this research underscores that organizational learning is not merely a supplementary activity but the fundamental engine that bridges latent internal capabilities with tangible market-driven firm performance (Laily et al., 2023). By embedding these learning loops into the core governance of the firm, Indonesian SMEs can move beyond ad-hoc responses to institutionalize a sustainable competitive advantage rooted in perpetual self-renewal and operational responsiveness. Future research should broaden this scope by examining how sector-specific digital infrastructure influences the velocity of these knowledge-based performance transformations. Furthermore, longitudinal analyses are required to ascertain how the maturation of learning-oriented cultures within Indonesian enterprises correlates with long-term resilience against persistent macroeconomic instabilities (Mandagie et al., 2024).

By synthesizing these dimensions, policymakers and industry stakeholders can better design interventions that facilitate the transition of traditional SMEs into agile, knowledge-centric organizations capable of sustained global participation (Laily et al., 2023). Ultimately, fostering an ecosystem that prioritizes the institutionalization of knowledge-sharing frameworks will be the defining factor in determining the long-term success of the Indonesian SME sector. Consequently, bridging the gap between theoretical knowledge management frameworks and practical application remains imperative for building robust, innovation-driven competitive postures in emerging markets (Riadi et al., 2023). This strategic synthesis highlights that the agility of Indonesian SMEs is intrinsically linked to their capacity to orchestrate internal knowledge assets toward high-impact, market-responsive outcomes. These findings suggest that competitive viability in this sector hinges on the deliberate alignment of absorptive capacity with dynamic market signals (Yunus et al., 2025).

Additionally, the cultivation of internal knowledge-sharing networks acts as a vital conduit for absorptive capacity, ensuring that SMEs can effectively translate external market insights into refined innovation performance (Nasution et al., 2025). This process underscores the critical role of communities of practice in codifying tacit expertise, thereby ensuring that institutional memory remains robust against the attrition of human capital (Atika, 2023; Hermina et al., 2023). Ultimately, this systematic codification ensures that knowledge-based assets become deeply embedded in organizational routines, providing a stable foundation for SMEs to sustain performance gains despite the fluidity of the Indonesian economic landscape. The continuous refinement of these learning-based routines empowers SMEs to cultivate a distinct competitive edge, thereby transforming internal knowledge management into a strategic vehicle for long-term economic sustainability (Sijabat, 2022; Wolor et al., 2024).

Organizational Learning as a Mediating Mechanism

The study reveals that organizational learning functions as a mediating mechanism linking internal capabilities to firm performance. While internal capabilities provide the potential for competitive advantage,

organizational learning determines how effectively these capabilities are utilized and developed over time. Firms with strong learning orientations are more capable of transforming resources into tangible outcomes such as increased productivity, customer satisfaction, and market expansion. This mediating role suggests that the conversion of raw organizational resources into sustained market leadership is predicated on the firm's ability to iteratively refine its internal processes through systematic knowledge assimilation (Appietu-Ankrah et al., 2024; Widodo, 2023). Moreover, this mediation highlights that static asset accumulation is insufficient without the dynamic processes necessary to recalibrate operational strategies in response to shifting environmental demands (Sikora & Baranowska-Prokop, 2024).

This iterative calibration underscores the importance of absorptive capacity, as firms must first possess the mechanisms to identify and assimilate external knowledge before they can successfully leverage their internal assets for enhanced operational outcomes (Vargas et al., 2025). Consequently, the efficacy of this transformation relies on the firm's ability to align its intellectual capital with strategic objectives, ensuring that internal resources are continuously reconfigured to meet evolving market requirements (Huynh et al., 2024; Masyhuri et al., 2024). Such alignment ensures that SMEs do not merely accumulate static intellectual assets, but rather cultivate a dynamic repository of knowledge that drives both innovation-led growth and long-term organizational resilience (Bogale et al., 2025; Budiarti & Firmansyah, 2025). This systemic alignment effectively transforms knowledge management from an abstract management concept into a pragmatic driver of SME institutional agility, ensuring that learning outcomes are directly convertible into competitive performance metrics.

By establishing this feedback loop, firms create an internal environment where intellectual capital is consistently evaluated and upgraded, directly enhancing their ability to outperform competitors in volatile market conditions (Arraya, 2022). Furthermore, the integration of these learning processes within organizational routines serves to harmonize internal innovation-building efforts with emerging external opportunities, thereby reinforcing the firm's competitive positioning (Makhloufi et al., 2021). This dynamic alignment is essential for bridging the gap between resource acquisition and performance, as it ensures that organizational routines effectively transform knowledge into a core competency (Mantje et al., 2022). Such core competencies allow SMEs to sustain long-term competitive advantages by fostering continuous improvement and innovative responsiveness in their operational strategies (Asumah et al., 2024; Putra et al., 2023).

Ultimately, the systematic cultivation of these dynamic capabilities enables SMEs to successfully navigate the complexities of resource reconfiguration, ensuring that the organizational knowledge base remains a primary driver of sustained market efficacy (Seyadi & Elali, 2021; van de Wetering & Versendaal, 2021). Integrating these processes into the organizational fabric allows firms to convert latent intellectual capital into actionable competitive strategies, effectively bridging the divide between theoretical knowledge acquisition and tangible performance outcomes (Bansal et al., 2022; Dinh & Vo, 2025). This strategic orientation not only fortifies internal processes but also enables Indonesian SMEs to navigate environmental volatility by turning intangible assets into measurable economic value (Chandio & Rizwan, 2021; Corvello et al., 2023), thereby reinforcing the link between intellectual resource management and high-level enterprise viability.

Future research should investigate the longitudinal impacts of digital infrastructure on this learning-performance nexus to determine if technological acceleration necessitates new frameworks for knowledge governance. Furthermore, empirical exploration into the moderating influence of organizational culture on knowledge transfer protocols could provide granular insights into how SMEs can better institutionalize these learning routines for enhanced performance outcomes. Additionally, expanding the analysis to include the cross-sectoral heterogeneity of Indonesian SMEs will clarify whether these learning mechanisms operate uniformly across traditional manufacturing and emerging digital service enterprises. Finally, exploring the intersection of government-led digitalization initiatives and local knowledge-sharing networks may reveal how policy-driven support serves as an external catalyst for strengthening internal learning architectures. Such investigations would elucidate the specific boundary conditions under which organizational learning translates into superior agility within the unique institutional constraints of the Indonesian market (Al-Juoori et al., 2021).

Strategic Implications for Indonesian SMEs

For Indonesian SMEs, strengthening organizational learning practices can significantly improve competitiveness and sustainability. This includes investing in employee training, encouraging collaborative knowledge-sharing cultures, and adopting digital technologies that facilitate learning and innovation (Winanto et al., 2022). Government support programs, industry associations, and academic partnerships also play a crucial role in building learning ecosystems that enhance SME capabilities. Moreover, owners should emphasize the development

of strategic leadership, as leaders who prioritize continuous professional development are better positioned to align internal human capital with volatile market trends (Matao et al., 2025). Ultimately, the cultivation of a robust learning orientation allows these enterprises to transition from reactive operational models toward proactive, strategy-driven frameworks that leverage intellectual capital to secure long-term performance viability (Hariyono & Narsa, 2024; Probahudono et al., 2025). By embedding these practices, firms can effectively institutionalize knowledge acquisition as a core operational competency (Ismail et al., 2023). This institutionalization process functions as a catalyst for organizational resilience, enabling SMEs to synthesize tacit and explicit knowledge into a cohesive competitive advantage. This integration further facilitates the development of organizational ambidexterity, allowing enterprises to balance current operational stability with the experimental agility required to navigate the Indonesian market's inherent complexities (Adhiatma et al., 2023). Consequently, this transition enables SMEs to mitigate resource constraints by optimizing internal knowledge flows, thereby transforming potential vulnerabilities into sources of sustainable growth. This strategic shift empowers managers to move beyond simple survival tactics, fostering a culture where knowledge management acts as the primary engine for continuous value creation.

Moreover, this deliberate cultivation of learning-centric ecosystems aligns with findings that emphasize the synergy between strategic actions and the effective utilization of digital resources to bolster entrepreneurial capacities (Boseke & Meiryani, 2025). This integration ensures that SMEs do not merely adapt to environmental shifts but actively shape their competitive trajectories by refining decision-making abilities and financial literacy (Bawono et al., 2022). Consequently, establishing formal mechanisms for knowledge lifecycle management and cross-functional mobility is essential for institutionalizing these capabilities (J. Wang et al., 2025). Furthermore, by fostering such systematic knowledge-sharing protocols, SMEs can leverage their internal human capital to improve market responsiveness, consistent with the critical role of leadership and continuous skill enhancement in achieving sustainable business growth (Nopianti et al., 2024). Ultimately, this strategic alignment creates a virtuous cycle where organizational learning acts as both a protective barrier against market disruption and a fundamental driver of superior performance (Shaik et al., 2024).

This recursive approach to knowledge management essentially converts internal intellectual assets into a distinctive resource bundle, aligning with the Resource-Based View to provide a sustained competitive edge. Such a configuration allows SMEs to transcend the limitations of their resource base by creating unique, inimitable value propositions that are difficult for competitors to replicate (Mardatillah et al., 2023). By fostering such internal proficiency, Indonesian SMEs effectively optimize their knowledge-sharing networks, which serves to bridge existing gaps in operational resource allocation and strategic foresight (Achmad & Wiratmadja, 2024; Panjaitan et al., 2025). These localized networks facilitate the translation of tacit experiential data into actionable strategic insights, enabling firms to achieve organizational ambidexterity within the diverse landscape of the Indonesian economy (Mamorobela & Phaladi, 2025).

Consequently, this evolution underscores that the capacity to learn is not merely an auxiliary function but the fundamental determinant of SME longevity in an increasingly digitized and competitive environment (Wahyuda et al., 2023). Therefore, future research should investigate the longitudinal impact of these learning architectures on firm-level financial performance to substantiate the long-term economic dividends of knowledge-based strategies within this emerging market context. Furthermore, integrating qualitative insights with quantitative metrics will provide a more comprehensive understanding of how specific cultural and institutional barriers moderate the efficacy of these knowledge-driven interventions. Such analytical endeavors will ultimately clarify how the systematic deployment of organizational learning serves as a foundational lever for SMEs to transform latent capabilities into enduring market dominance.

Additionally, future inquiries might examine how digital transformation initiatives specifically mediate the relationship between knowledge absorption and the reconfiguration of internal resource bundles. By analyzing the interplay between technological adoption and absorptive capacity, researchers can elucidate how SMEs effectively bridge the gap between initial knowledge acquisition and the actual deployment of innovative operational strategies (Sulistyo, 2022). Such studies could also identify specific digital competencies required to synthesize emerging market data into actionable business intelligence (Anand et al., 2021). Moreover, examining the influence of collaborative partnerships and external knowledge networks will be essential to understanding how these firms expand their cognitive boundaries beyond internal silos. This investigation into external integration is vital, as it highlights how SMEs transcend resource limitations by balancing exploitation of internal knowledge with the exploratory search for innovation beyond organizational borders (Jacob et al., 2022). Furthermore, investigating how policy frameworks and public-sector support programs catalyze these knowledge-sharing ecosystems will provide a more granular understanding of the structural environment necessary for fostering firm-level resilience

(Pawenang et al., 2024). Such research would offer critical insights into the institutional conditions that enable SMEs to convert systemic learning into, ultimately, enhanced organizational agility and long-term economic performance. By evaluating the efficacy of tax incentives and digital infrastructure grants in accelerating this organizational evolution, scholars can better delineate the nexus between macro-level government interventions and micro-level competitive advantage (Hafeez et al., 2025). Ultimately, this study serves to synthesize these multi-dimensional factors, providing a comprehensive framework that positions organizational learning as the critical link between resource configuration and sustainable SME performance in Indonesia

CONCLUSION

This study highlights the strategic importance of organizational learning in strengthening the relationship between internal capabilities and firm performance among Indonesian SMEs. The findings demonstrate that internal resources such as managerial competence, innovation capability, operational flexibility, and knowledge management can significantly contribute to business success when supported by effective learning processes within the organization. Organizational learning enables SMEs to continuously acquire, share, and apply knowledge, thereby improving their ability to adapt to changing market dynamics and technological developments. Furthermore, organizational learning serves as a strategic bridge that converts internal capabilities into sustainable competitive advantages. SMEs that foster a learning-oriented culture are more likely to enhance innovation, improve operational efficiency, and achieve long-term performance improvements. From a practical perspective, the findings of this study can contribute to the development plan for the implementation of future SME support services. Government agencies, educational institutions, and business development organizations can design capacity-building programs that emphasize organizational learning practices, including managerial training, digital knowledge-sharing platforms, and collaborative innovation initiatives. Such programs may strengthen SMEs' adaptive capabilities and promote knowledge-based entrepreneurship. Future service implementation plans should focus on integrating digital learning systems, mentoring programs, and innovation networks to support continuous capability development among SMEs. By promoting a structured learning ecosystem, SMEs can enhance resilience, competitiveness, and sustainable growth in the evolving global business environment.

REFERENCES

- Abu-Rumman, A., Shraah, A. Al, Al-Madi, F., & Alfalah, T. (2021). Entrepreneurial networks, entrepreneurial orientation, and performance of small and medium enterprises: are dynamic capabilities the missing link? *Journal of Innovation and Entrepreneurship*, 10(1). <https://doi.org/10.1186/s13731-021-00170-8>
- Abu-Rumman, A., Shraah, A. Al, Al-Madi, F., Alfalah, T., Achmad, F., Wiratmadja, I. I., Adhiatma, A., Nurhidayati, N., Fachrunnisa, O., Lukman, N., Majid, M. N. A., Adil, M. S., Hendayana, Y., Akinlotu, O., Cavlan, G. İ., Al-Juoori, Z. M. A., Singh, H., Mansor, N. N. A., Kakar, A. S., ... Akhtar, P. (2025). Responsible innovation in emerging markets' SMEs: The role of alliance learning and absorptive capacity. *Problems and Perspectives in Management*, 10(1), 1175–1209. <https://doi.org/10.29145/jmr/81/080103>
- Achmad, F., & Wiratmadja, I. I. (2024). Driving Sustainable Performance in SMEs Through Frugal Innovation: The Nexus of Sustainable Leadership, Knowledge Management, and Dynamic Capabilities. *IEEE Access*, 12, 103329–103347. <https://doi.org/10.1109/access.2024.3433474>
- Achmad, F., & Wiratmadja, I. I. (2025). Organizational performance and competitive advantage in SMEs: The role of green innovation and knowledge management. *Journal of Open Innovation Technology Market and Complexity*, 11(2), 100532. <https://doi.org/10.1016/j.joitmc.2025.100532>
- Adhiatma, A., Nurhidayati, N., Fachrunnisa, O., Lukman, N., & Majid, M. N. A. (2023). Comparative Study on Workforce Transformation Strategy and SME Policies in Indonesia and Malaysia. *Engineering Management in Production and Services*, 15(4), 1–11. <https://doi.org/10.2478/emj-2023-0024>
- Adil, M. S., & Hendayana, Y. (2025). Systematic Analysis of Determinants of SME Performance in Indonesia: Integration of RBV Perspectives, Dynamic Capabilities, and Social Cognitive Theory. *Eduvest - Journal Of Universal Studies*, 5(11), 13398–13407. <https://doi.org/10.59188/eduvest.v5i11.52380>
- Akinlotu, O., & Cavlan, G. İ. (2023). Organizational Integration, Knowledge Management, and Sustainable Entrepreneurship for SMEs in Developing Economies. *Economics*, 17(1). <https://doi.org/10.1515/econ-2022-0046>
- Al-Juoori, Z. M. A., Singh, H., Mansor, N. N. A., Kakar, A. S., Zulfikar, U., & Pitchy, A. L. B. A. (2021). The Impact

- of Organizational Learning, on Firm Performance in The Context of Manufacturing SMES in Malaysia, Mediating Role of Innovation Capability. *International Journal of Academic Research in Business and Social Sciences*, 11(5). <https://doi.org/10.6007/ijarbss/v11-i5/9898>
- Al-Tabbaa, O., & Zahoor, N. (2023). Alliance management capability and SMEs' international expansion: The role of innovation pathways. *Journal of Business Research*, 171, 114384. <https://doi.org/10.1016/j.jbusres.2023.114384>
- Amalia, M. R., Anggraeni, A. I., & Purnomo, R. (2025). Synthesizing Digital Transformation and Knowledge Management to Drive SME Organization. *The Eastasouth Management and Business*, 3(3), 549–561. <https://doi.org/10.58812/esmb.v3i03.577>
- Anand, A., Muskat, B., Creed, A., Zutshi, A., & Csepregi, A. (2021). Knowledge sharing, knowledge transfer and SMEs: evolution, antecedents, outcomes and directions. *Personnel Review*, 50(9), 1873–1893. <https://doi.org/10.1108/pr-05-2020-0372>
- Anjaningrum, W. D., Azizah, N., & Suryadi, N. (2024). Spurring SMEs' performance through business intelligence, organizational and network learning, customer value anticipation, and innovation - Empirical evidence of the creative economy sector in East Java, Indonesia. *Heliyon*, 10(7). <https://doi.org/10.1016/j.heliyon.2024.e27998>
- Annamalah, S., Paraman, P., Ahmed, S., Pertheban, T. R., Marimuthu, A., Venkatachalam, K. R., & Ramayah, T. (2023). Exploitation, exploration and ambidextrous strategies of SMES in accelerating organisational effectiveness. *Journal of Global Operations and Strategic Sourcing*. <https://doi.org/10.1108/jgoss-08-2022-0090>
- Appietu-Ankrah, K., Agyapong, A., Mensah, H. K., & Asiedu-Appiah, F. (2024). In search of superior performance: knowledge management and learning capability of entrepreneurial firms. *Journal of Small Business and Enterprise Development*, 31(7), 1455–1481. <https://doi.org/10.1108/jsbed-07-2023-0310>
- Arief, I., Hasan, A., Putri, N. T., & Rahman, H. (2023). Literature Reviews of RBV and KBV Theories Reimagined - A Technological Approach Using Text Analysis and Power BI Visualization. *JOIV International Journal on Informatics Visualization*, 7(4), 2532. <https://doi.org/10.62527/joiv.7.4.1940>
- Arifin, A., Zain, W. M. A. W. M., & Azinuddin, M. (2025). Conceptual Role of Organizational Learning on Clan Culture and Performance of Small and Medium-Sized Food Tourism Enterprises (SMFTES). *International Journal of Research and Innovation in Social Science*, 9(10), 3731–3737. <https://doi.org/10.47772/ijriss.2025.910000307>
- Arraya, M. (2022). The relationship between distinctive capabilities system, learning orientation, leadership and performance. *European Journal of Management Studies*, 27(2), 205–227. <https://doi.org/10.1108/ejms-11-2021-0109>
- Arsawan, I. W. E., Hariyanti, N. K. D., Atmaja, I. M. A. D. S., Suhartanto, D., & Koval, V. (2022). Developing Organizational Agility in SMEs: An Investigation of Innovation's Roles and Strategic Flexibility. *Journal of Open Innovation Technology Market and Complexity*, 8(3), 149. <https://doi.org/10.3390/joitmc8030149>
- Asare-Kyire, L., Appienti, W. A., Bonsu, C. A., & Ackah, O. (2023). Entrepreneurial Orientation and Organizational Resilience: Role of Organizational Reconfiguration and Absorptive Capabilities. *Open Journal of Business and Management*, 11(5), 2014–2033. <https://doi.org/10.4236/ojbm.2023.115111>
- Asumah, S., Antwi-Boateng, C., & Benneh, F. (2024). Eco-dynamic capability: A surest way to sustainability performance of SMEs? *IIMBG Journal of Sustainable Business and Innovation*, 2(1), 24–42. <https://doi.org/10.1108/ijbsbi-08-2023-0043>
- Atika, A. (2023). The Effect of Digital Marketing and Knowledge Management on the Marketing Sustainability of MSMEs in Indonesia. *The Eastasouth Management and Business*, 2(1), 83–92. <https://doi.org/10.58812/esmb.v2i01.141>
- Awad, J. A. R., & Martín-Rojas, R. (2024). Digital transformation influence on organisational resilience through organisational learning and innovation. *Journal of Innovation and Entrepreneurship*, 13(1). <https://doi.org/10.1186/s13731-024-00405-4>
- Bansal, S., Garg, I., Jain, M., & Yadav, A. (2022). Improving the performance/competency of small and medium enterprises through intellectual capital. *Journal of Intellectual Capital*, 24(3), 830–853. <https://doi.org/10.1108/jic-07-2021-0189>
- Bawono, I., Maulina, E., Rizal, M., & Purnomo, M. (2022). The Role of Knowledge Management Capability, Financial Literacy, and Problem-Solving Skills on Organizational Performance for SMEs. *Frontiers in Psychology*, 13, 930742. <https://doi.org/10.3389/fpsyg.2022.930742>

- Bogale, A. T., Birbirsa, Z. A., & Abegaz, M. B. (2025). The effect of organizational learning on firm performance: the mediating role of innovation capability in Ethiopian state-owned enterprises. *Discover Sustainability*, 6(1). <https://doi.org/10.1007/s43621-025-01277-8>
- Boseke, R. E., & Meiryani, M. (2025). Strategic Entrepreneurship Mediating the Impact of, Financial Literacy and Use of Social Media on MSMEs' Entrepreneurial Orientation in Indonesia. *Journal of Entrepreneur & Business*, 6(1), 1–19. <https://doi.org/10.24123/jeb.v6i1.6919>
- Budiarti, I., & Firmansyah, D. (2025). Sustainable SMEs Performance: Knowledge Management, Human Resources Digital Transformation, and Innovation Capabilities – A Practical Approach to Business in the Digital Age. *Preprints.org*. <https://doi.org/10.20944/preprints202502.1713.v1>
- Burger, A., Jaklič, A., Knez, K., Kotnik, P., & Rojec, M. (2024). Firm-Level, Macroeconomic, and Institutional Determinants of Firm Growth: Evidence From Europe. *Economic and Business Review*, 26(2), 81–103. <https://doi.org/10.15458/2335-4216.1336>
- Chandio, K. M., & Rizwan, M. (2021). Strengthening the Performance of SMEs Through knowledge management, Market Orientation and Competitive Environment. *Journal of Management and Research*. <https://doi.org/10.29145/jmr/81/080103>
- Corvello, V., Felicetti, A. M., Troise, C., & Tani, M. (2023). Betting on the future: how to build antifragility in innovative start-up companies. *Review of Managerial Science*, 18(4), 1101–1127. <https://doi.org/10.1007/s11846-023-00636-x>
- Cuandra, F., & Candy, C. (2024). Strategies and Innovations for Enhancing Sustainable Performance in SMEs During The 4.0 Digital Business Era. *Jurnal Organisasi Dan Manajemen*, 20(1), 1–16. <https://doi.org/10.33830/jom.v20i1.6449.2024>
- Deda, G., Bislimi, F., Krasniqi, S., Tërstena, A., & Mehmeti, I. (2025). Managerial competencies and strategic goal achievement: A survey-based study of SMEs. *Corporate and Business Strategy Review*, 6(2), 184. <https://doi.org/10.22495/cbsrv6i2art18>
- Ding, Z., Li, M., Yang, X., & Xiao, W. (2023). Ambidextrous organizational learning and performance: absorptive capacity in small and medium-sized enterprises. *Management Decision*, 61(11), 3610–3634. <https://doi.org/10.1108/md-02-2023-0138>
- Dinh, N., & Vo, H. T. (2025). Resource-based management and organizational performance: The role of co-creation, environmental policy and organizational learning support. *Decision Science Letters*, 14(2), 401–416. <https://doi.org/10.5267/j.dsl.2024.12.013>
- Do, H., Budhwar, P., Shipton, H., Nguyen, H.-D., & Nguyen, B. (2021). Building organizational resilience, innovation through resource-based management initiatives, organizational learning and environmental dynamism. *Journal of Business Research*, 141, 808–821. <https://doi.org/10.1016/j.jbusres.2021.11.090>
- Drushlyak, M., Semenog, O., Ponomarenko, N., Vovk, M., Budianskyi, D., & Semenikhina, O. (2025). Enhancing Information and Media Literacy: Evaluating the Impact of Webinars, Workshops, and Masterclasses. *International Journal of Modern Education and Computer Science*, 17(6), 65–75. <https://doi.org/10.5815/ijmecs.2025.06.05>
- Ekawati, R., & Prasetyo, A. D. (2026). Determinants of Sustainable Competitive Advantage in SMEs. *Brilliant International Journal Of Management And Tourism*, 6(1), 135–142. <https://doi.org/10.55606/bijmt.v6i1.6751>
- Fahmi, M. R. A., & Yulianto, E. (2021). Knowledge management capability as an absorptive for driving innovation: The role of type of innovation. *Management Science Letters*, 2071–2080. <https://doi.org/10.5267/j.msl.2021.3.002>
- Ganawati, N., Soraya, D., & Yogiarta, I. M. (2021). The Role of Intellectual Capital, Organizational Learning and Digital Transformation on the Performance of SMEs in Denpasar, Bali-Indonesia. *International Journal of Science and Management Studies (IJSMS)*, 235–246. <https://doi.org/10.51386/25815946/ijms-v4i3p122>
- Gumulya, D., Purba, J. T., Hariandja, E. S., & Pramono, R. (2022). The Emergence of Innovation Capability During Firms' Early Stage: Cases from Indonesian Creative Social Enterprise. *International Journal of Sustainable Development and Planning*, 17(7), 2153–2164. <https://doi.org/10.18280/ijstdp.170715>
- Hadi, P. (2023). The impact of exploitative and organizational learnings on SMEs' performance: The role of environmental dynamism. *International Journal of Research in Business and Social Science (2147-4478)*, 12(3), 31–40. <https://doi.org/10.20525/ijrbs.v12i3.2522>
- Hafeez, S., Shahzad, K., Helo, P., & Mubarak, M. F. (2025). Knowledge management and SMEs' digital transformation: A systematic literature review and future research agenda. *Journal of Innovation &*

- Knowledge*, 10(3), 100728. <https://doi.org/10.1016/j.jik.2025.100728>
- Hakim, F. Al, & Maulidizen, A. (2024). Strategy of The Indonesian Mosque Council in Revitalising The Mosque: A Review of Islamic Law and Management Analysis in Jakarta. *Jurnal Hukum Islam*, 24(1), 70–87. <https://doi.org/http://dx.doi.org/10.24014/hi.v24i1.29109>
- Hariyono, A., & Narsa, I. M. (2024). The value of intellectual capital in improving MSMEs' competitiveness, financial performance, and business sustainability. *Cogent Economics & Finance*, 12(1). <https://doi.org/10.1080/23322039.2024.2325834>
- Hartono, H., & Ardini, R. (2022). Effect of Opportunity Recognition and Organisation Capability on SME Performance in Indonesia Moderated by Business Model Innovation. *The Winners*, 23(1), 35–41. <https://doi.org/10.21512/tw.v23i1.6932>
- Henschel, T., Durst, S., & Salzmann, J. (2024). Leveraging Knowledge Management and Entrepreneurial Orientation to Enhance Resilience in Small- and Medium-Sized Enterprises. In *Management for professionals* (pp. 107–128). Springer Nature. https://doi.org/10.1007/978-3-031-50836-3_6
- Herlina, M. G., Fitriastasya, F., Ratih, S., & Amandha, M. (2024). Unlocking Innovation from Within: The Power of Tacit Knowledge and Change Adaptability in Indonesian Internal Organisational Innovation Processes. *Economics and Culture*, 21(1), 10–28. <https://doi.org/10.2478/jec-2024-0002>
- Hermira, T., Basit, A. A., & Alkautsar, M. (2023). Strategy Development of Innovation Capability of Coffee SME Using Resource-based View Approach: Knowledge Sharing Perspective. *Khazanah Sosial*, 5(3), 569–577. <https://doi.org/10.15575/ks.v5i3.30239>
- Hernández-Linares, R., Fernández, M. C. L., García-Piqueres, G., e Cunha, M. P., & Rego, A. (2023). How knowledge-based dynamic capabilities relate to firm performance: the mediating role of entrepreneurial orientation. *Review of Managerial Science*, 18(10), 2781–2813. <https://doi.org/10.1007/s11846-023-00691-4>
- Huynh, T. N., Nguyen, P. V, Minh, A., Dinh, P. U., & Vo, H. T. (2024). Fostering organizational performance through innovation: The roles of environmental policy instruments, organizational learning supports, and intellectual capital. *Heliyon*, 10(20). <https://doi.org/10.1016/j.heliyon.2024.e39361>
- Irfan, M., & Kusumastuti, R. D. (2023). Analysis of the Influence of Entrepreneurial Orientation, Learning Orientation, and Dynamic Capability on Strategic Flexibility and SMEs Performance. In *Advances in economics, business and management research/Advances in Economics, Business and Management Research* (pp. 308–326). Atlantis Press. https://doi.org/10.2991/978-94-6463-226-2_27
- Ismail, M., Mohamad, N., & Ahamat, A. (2023). MANAGERIAL CAPABILITIES, LEARNING ORIENTATION AND PERFORMANCE OF INTERNATIONAL HALAL INDUSTRY USING UPPER ECHELON THEORY. *International Journal of Business and Society*, 24(1), 119–140. <https://doi.org/10.33736/ijbs.5608.2023>
- Jacob, J., Mei, M. Q., Gunawan, T., & Duysters, G. (2022). Ambidexterity and innovation in cluster SMEs: evidence from Indonesian manufacturing. *Industry and Innovation*, 29(8), 948–968. <https://doi.org/10.1080/13662716.2022.2072712>
- Jafari-Sadeghi, V., Mahdiraji, H. A., Busso, D., & Yahiaoui, D. (2021). Towards agility in international high-tech SMEs: Exploring key drivers and main outcomes of dynamic capabilities. *Technological Forecasting and Social Change*, 174, 121272. <https://doi.org/10.1016/j.techfore.2021.121272>
- Johan, A., Hurriyati, R., & Dirgantara, P. D. (2022). Context of knowledge and network capabilities: a framework for achieving innovation strategies for SMEs in Bandung City. *Manajemen Dan Bisnis*, 21(2), 161. <https://doi.org/10.24123/jmb.v21i2.584>
- Kalathingal, S., & Ambrammal, S. K. (2025). Innovation capabilities and sustainability in MSMEs. An analysis of empirical studies. *The International Journal of Entrepreneurship and Innovation*. <https://doi.org/10.1177/14657503241307141>
- Kumalaningrum, M. P., Ciptono, W. S., Indarti, N., & Purnomo, B. R. (2023). Ambidexterity in Indonesian SMEs: A systematic review and synthesis for future research. *Cogent Business & Management*, 10(1). <https://doi.org/10.1080/23311975.2023.2199490>
- Laily, N., Wahyuni, D. U., Koesmono, T., & Sari, J. (2023). Modelling Organizational Performance Manufacturing Companies in Indonesia: Feature Extraction. *International Journal of Professional Business Review*, 8(2). <https://doi.org/10.26668/businessreview/2023.v8i2.1506>
- Maclean, M., Appiah, M. K., & Addo, J. F. (2023). How organizational learning dimensions influence firms' competitive strategy and performance in a lower-middle-income country: A mediation model. *Cogent*

- Business & Management*, 10(3). <https://doi.org/10.1080/23311975.2023.2256073>
- Makhloufi, L., Laghouag, A., Sahli, A. A., & Bélaïd, F. (2021). Impact of Entrepreneurial Orientation on Innovation Capability: The Mediating Role of Absorptive Capability and Organizational Learning Capabilities. *Sustainability*, 13(10), 5399. <https://doi.org/10.3390/su13105399>
- Mamorobela, S. P., & Phaladi, M. P. (2025). A Resource-Based View Framework for Knowledge Risk Management in SMEs. *European Conference on Knowledge Management*, 26(1), 601–608. <https://doi.org/10.34190/eckm.26.1.3649>
- Manalu, V. G., Santoso, A., & Sulaiman, E. (2025). The influence of entrepreneurial orientation and learning orientation on innovation performance of SMEs in Indonesia: Organizational learning as a mediator. *Problems and Perspectives in Management*, 23(2), 469–481. [https://doi.org/10.21511/ppm.23\(2\).2025.34](https://doi.org/10.21511/ppm.23(2).2025.34)
- Mandagie, W. C., Kristaung, R., & Rana, J. A. S. (2024). Optimizing manufacturing firm performance in Indonesia through strategic orientation and servitization. *Problems and Perspectives in Management*, 22(1), 687–701. [https://doi.org/10.21511/ppm.22\(1\).2024.54](https://doi.org/10.21511/ppm.22(1).2024.54)
- Mantje, M. P., Rambe, P., & Ndofirepi, T. M. (2022). Effects of knowledge management on firm competitiveness: The mediation of operational efficiency. *South African Journal of Information Management*, 24(1). <https://doi.org/10.4102/sajim.v24i1.1549>
- Mardatillah, A., Rosmayani, & Prayuda, R. (2023). Sustainability of Business Strategy Based on Indigenous Product Creativity in the Weaving Industry of Palm Oil Waste in Riau, Indonesia. *International Journal of Sustainable Development and Planning*, 18(8), 2571–2578. <https://doi.org/10.18280/ijstdp.180829>
- Marrucci, A., & Rialti, R. (2024). Unpacking the relation between learning orientation and product innovation: Does strategic flexibility matter? *Journal of Management & Organization*, 1–17. <https://doi.org/10.1017/jmo.2024.52>
- Masyhuri, Sudiro, A., Prabandari, S. P., & Kurniawati, D. T. (2024). The effect of human capital on organizational performance in the service industry 4.0: Mediation analysis from Indonesia. *Problems and Perspectives in Management*, 22(1), 418–431. [https://doi.org/10.21511/ppm.22\(1\).2024.34](https://doi.org/10.21511/ppm.22(1).2024.34)
- Matao, K. O., Padernal, S. N., Lazaro, J. M. B., & Carmona, H. B. (2025). Strategic Management and Market Orientation as Influencer of Business Performance among Small and Medium Enterprises. *International Journal of Research and Innovation in Social Science*, 763–789. <https://doi.org/10.47772/ijriss.2025.90600066>
- Maulidizen, A. (2019). Work Culture Reconstruction: An Analysis of The Shariah Approach. *Ad-Deenar: Jurnal Ekonomi Dan Bisnis Islam*, 3(1), 103–117. <https://doi.org/https://doi.org/10.30868/ad.v3i01.435>
- Meekaewkunchorn, N., Szczepańska-Woszczyzna, K., Muangmee, C., Kassakorn, N., & Khalid, B. (2021). Entrepreneurial orientation and SME performance: The mediating role of learning orientation. *Economics & Sociology*, 14(2), 294–312. <https://doi.org/10.14254/2071-789x.2021/14-2/16>
- Mehta, D. K., A, D. D. K., Pandey, D. R., Sahu, E. S. K., Vishwakarma, V., & Gupta, D. S. (2026). Strategic Management Practices and Their Economic Impact on SME Profitability in Emerging Markets. *International Journal of Accounting and Economics Studies*, 13(1), 239–245. <https://doi.org/10.14419/1azdgy97>
- Moh, S., & Kemal, B. (2023). Drivers of Small Firm Performance: The Urgency of Innovation Capabilities, Entrepreneurial Orientation, and Creativity. *Hong Kong Journal of Social Sciences*, 62. <https://doi.org/10.55463/hkjss.issn.1021-3619.62.45>
- Muchtar, A. H., Maulidizen, A., & Winanto, S. (2022). Human Resources Management in Improving Company Performance. *International Journal of Education, Information Technology, and Others*, 5(2), 317–329. <https://doi.org/https://doi.org/10.5281/zenodo.6545502>
- Nabilatuzaman, N. N., & Maulidizen, A. (2024). The Impact of Spiritual Leadership and Organizational Culture on Employee Performance at BMT Ibaadurrahman Sukabumi. *Jurnal Manajemen Sains Dan Organisasi*, 5(3), 220–227. <https://doi.org/https://doi.org/10.52300/jmso.v5i3.16805>
- Nasution, S. M. A., Daulay, R., Purnama, N. I., Alryani, I., & Purba, N. L. (2025). Knowledge sharing and absorptive capacity in improving the innovation performance of MSMEs handicrafts in Indonesia. *Problems and Perspectives in Management*, 23(2), 357–370. [https://doi.org/10.21511/ppm.23\(2\).2025.25](https://doi.org/10.21511/ppm.23(2).2025.25)
- Ngatno, N., Dewi, R. S., & Warsono, H. (2024). SMEs Innovation Performance Based on Organizational Learning, Entrepreneurial Orientation, and Customer Capital Case Study of Creative Industry in Central Java. In *Advances in Social Science, Education and Humanities Research/Advances in social science, education and humanities research* (pp. 225–234). https://doi.org/10.2991/978-2-38476-247-7_26

- Nofiani, D., & Fietroh, M. N. (2023). Exploring the Ambidexterity of Learning in Indonesian Start-Up: Moderated-Mediated. In *Advances in economics, business and management research/Advances in Economics, Business and Management Research* (pp. 82–89). Atlantis Press. https://doi.org/10.2991/978-94-6463-328-3_10
- Nopianti, R., Ismail, T., Hanifah, I. A., & Mulyasari, W. (2024). A Conceptual Framework for Sustainable Business Growth in Small and Medium Enterprises. *International Journal of Sustainable Development and Planning*, 19(7), 2539–2548. <https://doi.org/10.18280/ijstdp.190710>
- Nuryakin, N., & Qamari, I. N. (2025). The mediating role of innovation capability and technological capability in the relationship between absorptive capacity and SMEs' business performance. *International Journal of Innovation Studies*, 10(1), 65–79. <https://doi.org/10.1016/j.ijis.2025.09.004>
- Osiyevskyy, O., Sinha, K. K., Shirokova, G., & Shtepa, S. (2025). Innovation capabilities decoded: Risks and rewards in small and medium enterprise performance. *European Management Journal*. <https://doi.org/10.1016/j.emj.2025.01.011>
- Panjaitan, J. M. P., Darwin, M., Sumiyana, S., Wiva, W., & Setyowati, S. M. (2021). Measuring the Indonesian SMEs' Capabilities for Sociodynamic and Disruptive Innovation: The Case for Gaining Resilience and Sustainability. *Research Square (Research Square)*. <https://doi.org/10.21203/rs.3.rs-1169918/v1>
- Panjaitan, J. M. P., Darwin, M., Sumiyana, S., Wiva, W., & Setyowati, S. M. (2025). Measuring the Indonesian SMEs' capabilities for sociodynamic and disruptive innovation: the case for gaining resilience and sustainability. *Journal of Innovation and Entrepreneurship*, 14(1). <https://doi.org/10.1186/s13731-025-00557-x>
- Pawenang, S., Al-shami, S. A., & Wijaya, A. (2024). Empowering SMEs through Digital Financial Literacy: Enhancing Resilience, Innovation, and Inclusivity in Malaysia. *International Journal of Academic Research in Accounting Finance and Management Sciences*, 14(4). <https://doi.org/10.6007/ijarafms/v14-i4/23884>
- Prívar, A., Rahman, A., Ognjanović, I., Hasnaoui, A., & Hachard, V. (2025). From Survival to Growth: Digital Strategies for Micro and Small Enterprises. *Strategic Change*. <https://doi.org/10.1002/jsc.2666>
- Probohudo, A. N., Suhardjanto, D., Aligarh, F., Chayati, N., & Putra, A. A. (2025). Navigating MSMEs' performance through innovation and digital IT capabilities in business strategy. *Social Sciences & Humanities Open*, 12, 101810. <https://doi.org/10.1016/j.ssaho.2025.101810>
- Putra, I. G. C., Mendra, N. P. Y., & Novitasari, L. G. (2023). Integration of information technology capabilities in generating small and medium enterprise performance. *Uncertain Supply Chain Management*, 11(2), 843–854. <https://doi.org/10.5267/j.uscm.2023.3.010>
- Rahman, A., Ashrafuzzaman, M., Mridha, A. B. M. A., & Papel, M. S. I. (2024). Data Analytics For Healthcare Improvement: Develop Systems For Analyzing Large Health Data Sets To Improve Patient Outcomes, Manage Pandemics, And Optimize Healthcare Delivery. *Innovatech Engineering Journal*, 1(1), 69–88. <https://doi.org/10.70937/jnes.v1i01.30>
- Riadi, S. S., Hapsari, P., Budiman, P. W., Anwar, K., & Yudaruddin, R. (2023). The impact of knowledge management on SMES' performance during the COVID-19 pandemic: Assessing the significance of digital variables. *Knowledge and Performance Management*, 7(1), 76–90. [https://doi.org/10.21511/kpm.07\(1\).2023.06](https://doi.org/10.21511/kpm.07(1).2023.06)
- Sala-Vilar, L. R. (2024). From Mediation to Transformation : The Role of Innovation Intermediaries in the AI and Digital Era. *Research Portal Denmark*, 196. [https://local.forskningsportal.dk/local/dki-cgi/ws/cris-link?src=dtu&id=dtu-304f5038-2db5-4454-8537-4d2fb86ba855&ti=From Mediation %3A The Role of Innovation Intermediaries in the AI and Digital Era](https://local.forskningsportal.dk/local/dki-cgi/ws/cris-link?src=dtu&id=dtu-304f5038-2db5-4454-8537-4d2fb86ba855&ti=From%20Mediation%20to%20Transformation%3A%20The%20Role%20of%20Innovation%20Intermediaries%20in%20the%20AI%20and%20Digital%20Era)
- Saputra, M. H., & Pratomo, L. A. (2023). Optimization of relational capital and the strength of SMEs network collaboration to improve its performance: Evidence from Indonesia. *Jurnal Manajemen Dan Pemasaran Jasa*, 16(1), 111–126. <https://doi.org/10.25105/jmpj.v16i1.16527>
- Sawaeen, F. A. A., & Ali, K. A. M. (2021). The Nexus Between Learning Orientation, TQM Practices, Innovation Culture, and Organizational Performance of SMEs in Kuwait. *Interdisciplinary Journal of Information Knowledge and Management*, 16, 147–172. <https://doi.org/10.28945/4743>
- Seyadi, A. E., & Elali, W. (2021). The Impact of strategic Agility on the SMEs competitive capabilities in the Kingdom of Bahrain. *International Journal of Business Ethics and Governance*, 31–53. <https://doi.org/10.51325/ijbeg.v4i3.78>
- Shaik, A. S., Jain, M., Mendiratta, A., Alarifi, G., & Arrigo, E. (2024). Role of strategic knowledge management practices in enhancing strategic perspectives of an organisation to improve entrepreneurial performance.

- Journal of Knowledge Management*, 28(6), 1648–1675. <https://doi.org/10.1108/jkm-04-2023-0300>
- Siahaan, D. T., & Tan, C. S. L. (2022). What Drives the Adaptive Capability of Indonesian SMEs during the Covid-19 Pandemic: The Interplay between Perceived Institutional Environment, Entrepreneurial Orientation, and Digital Capability. *Asian Journal of Business Research*, 12(2). <https://doi.org/10.14707/ajbr.220125>
- Sijabat, R. (2022). The Effects of Business Digitalization and Knowledge Management Practices on Business Performance: Findings from Indonesian Micro, Small, and Medium Enterprises. *BISNIS & BIROKRASI Jurnal Ilmu Administrasi Dan Organisasi*, 29(2). <https://doi.org/10.20476/jbb.v29i2.1350>
- Sikora, T., & Baranowska-Prokop, E. (2024). The impact of organizational learning on Polish and Finnish SME's market performance during the COVID-19 pandemic. A comparative study. *International Journal of Management and Economics*. <https://doi.org/10.2478/ijme-2024-0018>
- Song, J., & Lee, K. (2024). Organizational learning capabilities, institutional knowledge, and FTA utilization of exporting SMEs in South Korea. *Research Square (Research Square)*. <https://doi.org/10.21203/rs.3.rs-3984355/v1>
- Sukma, A. (2024). Exploring factors influencing SMEs' success: The perspective of entrepreneurial and learning orientations. *Journal of Innovation in Business and Economics*, 8(1). <https://doi.org/10.22219/jibe.v8i01.30206>
- Sulistyo, H. (2022). Knowledge Resources, ICT, and Their Links With SME Performance: The Role of Absorptive Capacity. *KnE Social Sciences*. <https://doi.org/10.18502/kss.v7i14.12019>
- Sultan, M. I., Akbar, M., Mau, M., & Sonni, A. F. (2025). Platform Resistance and Counter-Disinformation Strategies: How Environmental Journalists Combat Corporate Misinformation Networks in Maritime Southeast Asia. *Journalism and Media*, 6(4), 193. <https://doi.org/10.3390/journalmedia6040193>
- Tahmasebinia, Z., Mohebi, A., & Fardmehrgan, S. (2023). Empowering SME Success: Unraveling the Nexus of Knowledge-Oriented Top Management, Knowledge-Sharing Practices, and Open Innovation on Performance. *Business and Economic Research*, 13(3), 56. <https://doi.org/10.5296/ber.v13i3.21094>
- Trihudyatmanto, M., Efendi, B., Putranto, A., & Purwanto, H. (2025). The Role of Ambidexterity Dimension in Mediating the Influence of Entrepreneurial Orientation on Business Performance in SMEs. In *Advances in economics, business and management research/Advances in Economics, Business and Management Research* (pp. 3–11). Atlantis Press. https://doi.org/10.2991/978-94-6463-862-2_2
- van de Wetering, R., & Versendaal, J. (2021). The role of IT ambidexterity, digital dynamic capability and knowledge processes as enablers of patient agility: an empirical study. *medRxiv (Cold Spring Harbor Laboratory)*. <https://doi.org/10.1101/2021.07.20.21260841>
- Vargas, T. B., Sotsek, N. C., & Leite, C. M. (2025). ABSORPTIVE CAPACITY AS A STRATEGIC LINK: A SYSTEMATIC REVIEW ANALYZING STRUCTURAL EQUATION MODELS. *International Journal of Professional Business Review*, 10(12). <https://doi.org/10.26668/businessreview/2025.v10i12.5653>
- Wahab, N. Y. A., Ramdan, M. R., Zakaria, M. S., Hassan, M. H. A., Hudin, N. S., & Kujat, C. (2025). Exploring the Innovation Factor: A Systematic Review of SME Performance. In *TEM Journal* (pp. 2134–2145). UIKTEN. <https://doi.org/10.18421/tem143-20>
- Wahyuda, O., Syukur, M.-H. A., Purmono, B. B., Pebrianti, W., & Setiawan, H. (2023). Empowerment of Indonesian MSME Business Performance: An Empirical Analysis of Knowledge Sharing and Innovation. *International Journal of Scientific Research and Management (IJSRM)*, 11(1), 4458–4467. <https://doi.org/10.18535/ijssrm/v11i01.em06>
- Wang, J., Zhang, J., & Zhao, Y. (2025). Strategic HRM and SME innovation: a chain mechanism of learning-resilience pathway and nonlinear environmental dynamism. *Frontiers in Psychology*, 16, 1584489. <https://doi.org/10.3389/fpsyg.2025.1584489>
- Wang, N., & Ariso, B. (2025). BUILDING COMPETITIVE ADVANTAGE THROUGH ABSORPTIVE CAPACITY AND OPEN INNOVATION IN INDONESIA SME'S. *DeReMa (Development Research of Management) Jurnal Manajemen*, 20(2). <https://doi.org/10.19166/derema.v20i2.10270>
- Wanto, H. S. (2021). THE CORRELATION OF ORGANIZATIONAL CULTURE, ORGANIZATIONAL LEARNING, INFORMATION TECHNOLOGY, COMPETITIVE STRATEGY AND COMPANY PERFORMANCE: A REVIEW. In *Russian Journal of Agricultural and Socio-Economic Sciences* (Vol. 115, Issue 7, pp. 138–149). Russian Journal of Agricultural and Socio-Economic Sciences. <https://doi.org/10.18551/rjoas.2021-07.15>
- Widodo, D. S. (2023). The Nexus of Entrepreneurial Orientation and Knowledge Management on Business Performance of SMEs in West Java: Role of Competitive Advantage. *Journal of Law and Sustainable*

- Development*, 11(7). <https://doi.org/10.55908/sdgs.v11i7.1364>
- Winanto, S., Maulidizen, A., Thoriq, M. R., & Safa'ah, A. (2022). Peranan Spiritual Quotient Terhadap Peningkatan Kinerja Perusahaan. *Jurnal Ilmiah Wahana Pendidikan*, 8(14), 326–345. <https://doi.org/https://doi.org/10.5281/zenodo.6994879>
- Wójcik, P., Ciszewska-Mlinarič, M., Morgan-Thomas, A., & Madziński, M. (2025). How do we get there? Dynamics of strategic renewal: a multiple case study of Polish SMEs. *Central European Management Journal*, 1–20. <https://doi.org/10.1108/cemj-02-2025-0039>
- Wójcik-Karpacz, A., Karpacz, J., & Pietruszka-Ortyl, A. (2023). Learning orientation, firm performance and market dynamism among MSMEs: an empirical study. *Scientific Papers of Silesian University of Technology Organization and Management Series*, 2023(170), 693–708. <https://doi.org/10.29119/1641-3466.2023.170.42>
- Wolor, C. W., Madli, F., Rababah, M. A., Mukhibad, H., & Hoo, W. C. (2024). Examining the Impact of Knowledge Management Use and Innovation on Business Performance of MSMEs in the Digital Age. Case Study MSMEs in Indonesia. *Journal of Sustainability Research*, 6(4). <https://doi.org/10.20900/jsr20240070>
- Yahaya, H. D., & Nadarajah, G. (2023). Determining key factors influencing SMEs' performance: A systematic literature review and experts' verification. *Cogent Business & Management*, 10(3). <https://doi.org/10.1080/23311975.2023.2251195>
- Yeboah, J., & Zogli, L.-K. J. (2025). Evaluating the influence of organisational resources and learning capabilities on the performance of small, micro, and medium enterprises (SMMEs) in Ghana. *Scientific African*, 28. <https://doi.org/10.1016/j.sciaf.2025.e02740>
- Yuliansyah, Y., Rammal, H. G., Maryani, M., Jais, I. R. M., & Sanusi, Z. M. (2021). Organizational learning, innovativeness and performance of financial service firms in an emerging market: examining the mediation effects of customer-focused strategy. *Business Process Management Journal*, 27(4), 1126–1141. <https://doi.org/10.1108/bpmj-10-2020-0454>
- Yunus, E. N., Ernawati, E., Nuraini, E., & Yuniarti, K. (2025). Post-crisis growth: Resource orchestration, innovation, and diversification in MSMEs. *Journal of Open Innovation Technology Market and Complexity*, 11(2), 100570. <https://doi.org/10.1016/j.joitmc.2025.100570>
- Zacca, R. (2025). Leveraging network capability for small enterprise success: the critical roles of organizational capability and alertness. *Journal of Small Business Management*, 64(1), 287–310. <https://doi.org/10.1080/00472778.2025.2478448>
- Zahoor, N., Khan, H., Khan, Z., & Akhtar, P. (2022). Responsible innovation in emerging markets' SMEs: The role of alliance learning and absorptive capacity. *Asia Pacific Journal of Management*, 41(3), 1175–1209. <https://doi.org/10.1007/s10490-022-09843-8>