



Innovative Performance via Absorptive Capacity, Organizational Learning and Innovation At PT XYZ Oil and Gas Company

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ABSTRACT

One of the industrial sectors that contribute significantly to the economy in Indonesia is the oil and gas industry, mainly referred to as the upstream oil and gas industry, because of its significant contribution to gross domestic income (GDP). This research examines the influence of potential absorptive capacity, organizational learning, innovation capability, and organizational innovation on innovation performance. This research was conducted on 40 employees who worked in an oil and gas drilling company. The method used is quantitative with Structural Equation Modeling analysis techniques. The research results show that potential absorptive capacity, organizational learning, innovation capability, and organizational innovation significantly affect innovation performance. Likewise, with potential absorptive capacity, organizational learning and innovation capability influence organizational innovation.

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INTRODUCTION

One of the industrial sectors that contribute significantly to the economy in Indonesia is the oil and gas industry, which is only referred to as the upstream oil and gas industry. Recorded until 31 August 2023, the contribution of the upstream oil and gas sector to state revenue reached 7 percent, and it is estimated that the contribution will increase until the end of the year (Uly & Djumena, 2023). In 2020, its contribution to state revenue reached 6.38 percent, increased to 7.43 percent in 2021, and reached 9 percent in 2022. SKK Migas Vice President Erwin Suryadi said that every US\$1 million investment in oil and gas will add US\$1.5 million to the production value of goods and services and US\$1.4 million to the Gross Domestic Product (GDP).

The oil and gas industry is one of the critical sectors of the global economy. In the annual report of an oil and gas company, the Deloitte study institute said that the oil and gas industry has

a low digital maturity rating or counts five out of ten. This means that the oil and gas industry is one of the industries that has yet to be able to apply technology to the fullest in each company. Therefore, digital solutions are an option for companies seeking a competitive advantage. The Ministry of Energy and Mineral Resources (MEMR) states that the oil and gas industry have three characteristics: capital-intensive, technology-intensive, and risk-intensive. The discovery of new technologies is believed to accelerate the development of the oil and gas industry, including in Indonesia, which has promising oil and gas potential. The Directorate of Oil and Gas also stated that technology can accelerate the development of the oil and gas industry (KESDM, 2022).

In the Oil and Gas industry, the drilling process is a critical stage in the oil and gas production cycle. In recent decades, technological developments have played a crucial role in improving operational efficiency and productivity in this industry. The role of technology in the oil and gas industry is crucial in improving operational efficiency, increasing productivity, optimizing drilling process drilling efficiency, and improving decision-making. However, one of Indonesia's oil and gas companies, PT XYZ, still needs to implement the latest technology that is fully integrated into the company.

One example of technology that is currently widely used in Oil and Gas companies in developed countries is Digital Twins. Digital Twins is a virtual representation of a physical asset or process that allows real-time monitoring, simulation, and analysis. This digital twin's technology can Optimise operations, improve the drilling process and performance, and improve efficiency and decision-making. Maximise resource recovery and safety. PT XYZ needs the application of the latest technology, such as Digital Twins, for example, to minimize the losses incurred when drilling oil and gas wells, where in one year, there have been up to three stuck pipes and loss of equipment in the well (lost in hole) due to the pinching of a series of drilling equipment (Bottom Hole Assembly) consisting of drill bits, logging equipment (Logging While Drilling), Measurements While Drilling and other supporting drilling equipment and cannot be fished causing the equipment to be 'back off' or left in the wellbore so that a replacement cost of US\$2,500,000 - US\$3,500,000 is required for one set of drilling equipment (Bottom Hole Assembly) that is lost in the well. In addition to the replacement cost above, there is an additional cost of US\$500,000 - US\$1,000,000 to create a new wellbore to avoid the pinched equipment (side track) and re-drill to the same depth before the stuck pipe occurred. Digital Twins is one of the technologies that can be used to anticipate the potential occurrence of stuck pipes.

In addition to not implementing this technology, PT XYZ, in 2019, also had plans to implement a similar technology with a digital twin called the Drilling Smart system. However, until now, this has yet to be realized. Based on this, it is known that the innovation performance of PT XYZ has not been as expected. Innovation performance is the result of various factors that influence and represent all achievements and results obtained from innovations carried out (Robertson et al., 2023). That is, innovation performance is the result of innovations made by the company. Innovation performance consists of two dimensions, namely efficacy and efficiency (Gomes & Wojahn, 2017). Efficacy aims to verify how innovation has an economic impact on the organization, namely the success or results of innovation. While efficiency is the process by which results are achieved, in this case, the innovation process carried out by PT XYZ has not been as expected.

Based on several literature reviews conducted, innovation performance can be influenced by several things. Palomino et al. (2022) said that innovation performance is influenced by innovation capability and potential absorptive capacity. YuSheng & Ibrahim (2020) said Innovation capability is the company's ability to introduce new ideas in their product strategy to add to their product portfolio. Research conducted by Palomino et al. (2022), YuSheng & Ibrahim (2020) and Rajapathirana & Hui (2018) shows that innovation capability has an influence on innovation performance.

Potential absorptive capacity is also essential for improving a company's innovation performance. Potential absorptive capacity refers to efforts to identify and acquire new knowledge and assimilate knowledge from external sources (Miroshnychenko et al., 2021). This means that by having a good level of potential absorptive capacity, the company will always have the opportunity to be updated with new knowledge or new technology that benefits the company. Research conducted by Palomino et al. (2022) and Kostopoulos et al. (2011) shows that potential absorptive capacity has a significant influence on innovation performance.

Besides innovation capability and potential absorptive capacity, organizational learning can also affect innovation performance. Organizational learning is the way organizations learn. This learning refers to any changes in organizational patterns that lead to improved company performance (Sancho-zamora et al., 2022). Companies that have a learning orientation will generally continue to obtain information and also use this information or knowledge to improve organizational performance. Research conducted by Gomes & Wojahn (2017), Akhtar et al. (2021) and Beyene et al. (2016) shows that organizational learning has an influence on innovation performance.

This research can determine whether potential absorptive capacity, organizational learning, and innovation capability influence organizational innovation and how it impacts the company's innovation performance. Potential absorptive capacity relates to an organization's ability to recognize, acquire, and internalize external knowledge. In the context of organizational innovation, potential absorptive capacity can give organizations the ability to understand and adopt new ideas from outside. With increased potential absorptive capacity, organizations are expected to produce more innovations, which in turn can improve corporate innovation performance. Organizational learning encompasses an organization's ability to process information, adapt behavior, and improve performance based on experience. This learning process can create a climate that supports innovation by encouraging experimentation and adaptation. Organizations that continuously learn can produce better and faster innovations. Therefore, there is an assumption that high levels of organizational learning will contribute positively to innovation performance. Organizational innovation capability is an organization's ability to design, develop, and implement new products, processes, or services. Organizations with high innovation capability are expected to produce superior innovations and create significant added value, thereby improving the company's innovation performance. The conclusions of this study focus on examining whether potential absorptive capacity, organizational learning, and innovation capability influence organizational innovation and how it impacts the company's innovation performance. It is hoped that the results of this research can provide basic knowledge and insight for conducting further research that is useful in business analysis, especially regarding factors that influence and can improve innovation performance. Apart from that, it is hoped that the results of this research will also have practical benefits by being taken into consideration for improving the company's innovation capabilities, both incremental and radical innovation, and as a reference in developing potential absorption capacity, organizational learning, innovation capabilities, and their influence on innovation performance..

RESEARCH METHOD

This research is quantitative with the type of causal research, which aims to determine the relationship and influence between two or more variables. The quantitative method relies on the principles of positivism, which is used in research on specific populations or samples; data is collected using research instruments, and data analysis is statistical or quantitative to describe and test predetermined hypotheses (Sugiyono, 2018). This research was conducted to describe the effect of potential absorptive capacity, organizational learning, innovation capability, and organizational innovation on innovation performance. The research objects as independent variables in this study

are potential absorptive capacity, organizational learning, innovation capability, and organizational innovation, while the research object as the dependent variable is innovation performance. Population is the entire object to be studied and the criteria to be studied (Raihan, 2019). The population in this study were employees who worked in the drilling department at PT XYZ, totaling 40 employees. The sample is part of the population by the characteristics to be studied (Raihan, 2019). Because the population in this study amounted to 40 employees and researchers could obtain all data from the population, the entire population was used as a research sample. The sampling technique is a technique that is used to select a sample from a large population. The sampling technique in this research is to use saturated samples. Saturated sampling is a sampling technique in which all members of the population are used as samples. This sampling technique is used because the population in this study totaled 40 respondents, and researchers were able to collect all data on the study population after collecting data according to research needs. Researchers will conduct data analysis consisting of several parts: reliability analysis, validity analysis, and structural equation model analysis. Structural Equation Modelling (SEM) analysis was carried out using the SmartPLS program. SEM is a statistical analysis that assesses the relationship between two variables within a framework: questionnaire items (measured directly) and factors (measured indirectly) (Hair et al., 2017). SEM combines two statistical methods: confirmatory factor analysis and path analysis. Confirmatory factor analysis, which originated in psychometrics, aims to estimate latent psychological traits, such as attitudes and satisfaction.

RESULTS AND DISCUSSION

Data collection was carried out using questionnaires from November 2023 to December 2023. The questionnaire was distributed offline to all employees working at PT XYZ, totaling 40 people, where the entire population was sampled in this study. The respondent profile was analyzed to understand the characteristics of the respondents who provided answers in this study. The characteristics of respondents in this study include gender, age, education level, and length of service. The following is the profile of respondents in this study:

Table 1 Respondents Profile

Criteria	Frequency	Persentase
Gender		
Male	33	82.5%
Female	7	17.5%
Age		
20-30 years	3	7.5%
30-40 years old	9	22.5%
Over 40 years old	28	70.0%
Education		
D3 or D4	1	2.5%
S1	23	57.5%
S2	16	40.0%
Length of Service		
Less than 1 year	1	2.5%
1 - 3 years	3	7.5%
3 - 5 years	4	10.0%
5 - 7 years	0	0.0%
More than 7 years	32	80.0%

Table 1 shows that the characteristics of respondents based on gender consist of 82.5% men and 17.5% women; this shows that the majority who work in the oil and gas company PT XYZ drilling section are dominated by men. Based on age, employees over 40 are 70% of respondents, 22.5% are employees aged 30 - 40, and the remaining 7.5% are aged 20 - 30. Meanwhile, based on

the latest education, employees with a bachelor's degree are 57.5%, employees with a master's degree are 40%, and the rest are D3 or D4. Most employees have also worked long enough, namely more than seven years, as much as 80%.

This study examines the influence of potential absorptive capacity, organizational learning, innovation capability, and its effect on innovation performance. The analysis was carried out using the SEM-PLS analysis technique through the smartPLS version 4.0 computer program. SEM-PLS analysis through 2 tests, namely, the outer model and the inner model. The first stage in conducting this test is to create a research model using the hypothesis to be tested in this study.

The outer model specifies the relationship between latent variables and their indicators that define the characteristics of the construct with its manifest variables. In the outer model, convergent validity, discriminant validity, and reliability will be analyze.

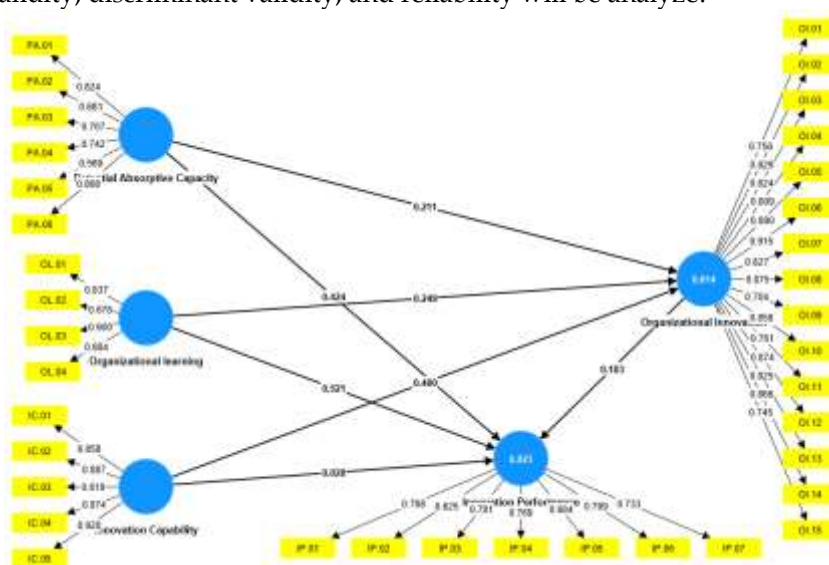


Figure 1 Outer Model

The idea that constructs measurements should correlate with each other is a requirement of convergent validity testing. Convergent validity tests evaluated in Smart PLS with these mirroring indicators can be seen from the magnitude of the loading factor value, which measures the construct through the correlation between the component scores/items and the construct score. The expected loading factor value is to exceed the number > 0.7 or 0.6 as the minimum limit of the loading factor value. The following are the results of testing convergent validity in this study:

Table 2 Measurement Validity

Variable	Indicator	Outer Loading	AVE	Composite Reliability	Cronbach Alpha
Innovation Capability	IC.01	0.858	0.703	0.921	0.892
	IC.02	0.887			
	IC.03	0.619			
	IC.04	0.874			
	IC.05	0.920			
Innovation Performance	IP.01	0.788	0.551	0.895	0.863
	IP.02	0.625			
	IP.03	0.781			
	IP.04	0.769			
	IP.05	0.684			
	IP.06	0.799			
	IP.07	0.733			
Organizational Innovation	OI.01	0.756	0.682	0.970	0.966
	OI.02	0.829			
	OI.03	0.824			

	OI.04	0.809			
	OI.05	0.890			
	OI.06	0.915			
	OI.07	0.827			
	OI.08	0.875			
	OI.09	0.704			
	OI.10	0.858			
	OI.11	0.761			
	OI.12	0.874			
	OI.13	0.825			
	OI.14	0.866			
	OI.15	0.745			
Organizational Learning	OL.01	0.837	0.688	0.897	0.844
	OL.02	0.678			
	OL.03	0.900			
	OL.04	0.884			
Potential Absorptive Capacity	PA.01	0.824	0.545	0.876	0.835
	PA.02	0.681			
	PA.03	0.707			
	PA.04	0.742			
	PA.05	0.569			
	PA.06	0.868			

Based on Table 2, the outer loading value of several indicators is less than 0.700, so it can be said to be invalid. However Hair et al. (2022) said that outer loading in the range of 0.400 to 0.700 only needs to be removed from the study if it does not cause the AVE and Composite reliability values to be less than 0.500. Therefore, it is necessary to see the AVE value in this study. It can be seen in Table 2 that all AVE values on all variables have values above 0.500, and the Composite Reliability value has a value of more than 0.600; this shows that all variables in this study can be said to be valid, so there is no need to remove indicators that have outer loading in the range of 0.400 to 0.700. Reliability testing is done by comparing the Composite Reliability and Cronbach alpha values. Composite Reliability is used to measure the actual value of the reliability of a construct and is better at estimating the internal consistency of a construct. Cronbach Alpha is used to measure the lower limit of the reliability value of a construct. Reliability criteria can be seen from each construct's Composite Reliability and Cronbach Alpha values. Constructs are said to have high reliability if they have a Composite Reliability above 0.70 and a Cronbach Alpha above 0.60. Table 2 shows that the Cronbach alpha value on all variables is below 0.60, and the Composite Reliability value is below 0.70. So, it can be said that all variables in this study are reliable so that testing can be continued.

The model has good Discriminant Validity if each loading value is the largest with other loading values on other latent variables. Discriminant validity in this study is measured by looking at the HTMT value. HTMT is the ratio of the correlation between traits to the correlation within traits. Hair et al. (2022) said that if the value in the table is below 0.90, it can be said to be valid. The following is the HTMT test in this study:

Table 3. Discriminant Validity

Variable	Innovation Capability	Innovation Performance	Organizational Innovation	Organizational learning	Potential Absorptive Capacity
Innovation Capability					
Innovation Performance	0.780				
Organizational Innovation	0.763	0.800			
Organizational learning	0.847	0.895	0.723		
Potential Absorptive Capacity	0.409	0.726	0.466	0.310	

The HTMT test shows that all values are below 0.90, so the discriminant validity test is valid.

Assessing the model with PLS starts by looking at the R-Square for each dependent latent variable. The Goodness fit model test results from the R-Square estimate using SmartPLS. If the R-square value is small, the variation in the dependent variable is minimal. In contrast, an R-square value close to one indicates that the independent variables can provide all the information needed to predict the dependent variable (Ghozali, 2018).

Table 4 R Square Test Result

Variable	R-square	R-square adjusted
Innovation Performance	0.823	0.803
Organizational Innovation	0.614	0.582

In this study, two variables are influenced by other variables: innovation performance and organizational innovation. Table 4.11 shows the r square value on both variables. The adjusted r square value on the innovation performance variable is 0.803, which means that 80.3% of the innovation performance variable can be explained by potential absorptive capacity, organizational learning, innovation capability, and organizational innovation. In comparison, other variables outside this research model explain the remaining 19.7% of the innovation performance variable.

The adjusted r square value on the organizational innovation variable is 0.582, which means that 58.2% of the organizational innovation variable can be explained by potential absorptive capacity, organizational learning, and innovation capability. In comparison, other variables outside this research model explain the remaining 41.8% of the organizational innovation variable.

The F Square test is conducted to determine whether there is a change in the R² value when certain exogenous variables are omitted from the model so that it can be known whether the omitted variables have a substantive impact on the endogenous construct. The guideline for assessing f^2 is that values of 0.02, 0.15, and 0.35 represent small, medium, and large effects, respectively.

Table 5 F Square Test Result

Path	F Square	Category
Innovation Capability => Innovation Performance	0.001	Small effect
Organizational Innovation => Innovation Performance	0.073	Small effect
Organizational learning => Innovation Performance	0.646	Big effect
Potential Absorptive Capacity => Innovation Performance	0.793	Large effect
Innovation Capability => Organizational Innovation	0.246	Medium effect
Organizational learning => Organizational Innovation	0.072	Small effect
Potential Absorptive Capacity => Organizational Innovation	0.099	Small effect

Table 7 shows that the effect of potential absorptive capacity on innovation performance has an effect size of 0.793, so it can be concluded that if the potential absorptive capacity variable is removed from the research model, the effect given to f square is significant. The effect of potential absorptive capacity on innovation performance has an effect size of 0.793, so it can be concluded that if the potential absorptive capacity variable is removed from the research model, the effect given to f square is significant. At the same time, the innovation capability and organizational innovation variables have a small f-square value.

The multicollinearity test aims to test whether there is a correlation between the independent variables in the regression model. A good model is that there is no multicollinearity. In this study, to detect the occurrence of multicollinearity in the regression model, we look at the Variance Inflation Factor (VIF) value (Hair et al., 2022).

Table 6 Multicollinearity Test Result

Variable	Innovation Performance	Organizational Innovation
Innovation Capability	3.022	2.425
Organizational Innovation	2.589	
Organizational learning	2.377	2.217
Potential Absorptive Capacity	1.280	1.165

Based on Table 9, the Variance Inflation Factor (VIF) value on all research variables has met the recommended requirement of <5. It can be concluded that all variables in the research model have met the criteria, and there is no multicollinearity problem.

Hypothesis testing is done by looking at the p-value based on the test results on Smart-PLS. The p-value is compared with the p-value of 0.05 because this study uses an alpha value of 5% or 0.05, but because this research is a census study, the p-value of more than 0.05 can be concluded to be accepted. The output of the research model for hypothesis testing is shown below:

Table 7 Multicollinearity Test Result

	Hypotesis	Original sample (O)	Description
H1	Potential Absorptive Capacity -> Innovation Performance	0.424	Supported
H2	Organizational learning -> Innovation Performance	0.521	Supported
H3	Innovation Capability -> Innovation Performance	0.028	Supported
H4	Organizational Innovation -> Innovation Performance	0.183	Supported
H5	Potential Absorptive Capacity -> Organizational Innovation	0.211	Supported
H6	Organizational learning -> Organizational Innovation	0.249	Supported
H7	Innovation Capability -> Organizational Innovation	0.480	Supported

The results of hypothesis testing in table 10 show the following conclusions:

Potential absorptive capacity significantly affects innovation performance with the original sample value, which is positive. Based on the test results, it is concluded that Hypothesis 1 in this study is accepted. Organizational learning has a significant positive effect on innovation performance because the original sample value is positive. Based on the test results, it is concluded that Hypothesis 2 in this study is accepted. Innovation capability has a significant positive effect on innovation performance because the original sample value is positive. Based on the test results, it is concluded that Hypothesis 3 in this study is accepted. Organizational innovation has a significant positive effect on innovation performance because the original sample value is positive. Based on the test results, it is concluded that Hypothesis 4 in this study is accepted. Potential absorptive capacity significantly influences organizational innovation with a positive effect because the original sample value is positive. Based on the test results, it is concluded that Hypothesis 5 in this study is accepted. Organizational learning significantly influences organizational innovation with a positive effect because the original sample value is positive. Based on the test results, it is concluded that Hypothesis 6 in this study is accepted. Innovation capability significantly influences organizational innovation with a positive effect because the original sample value is positive. Based on the test results, it is concluded that Hypothesis 7 in this study is accepted.

Indirect or indirect effects show how much effect indirect influence from latent variables produces on other variables. The following are the results of the indirect effect analysis in this study:

Table 8 Indirect Effect Analysis Results

Variable	Original sample	Description
Innovation Capability -> Organizational Innovation -> Innovation Performance	0.088	Supported
Organizational learning -> Organizational Innovation -> Innovation Performance	0.046	Supported
Potential Absorptive Capacity -> Organizational Innovation -> Innovation	0.039	Supported

Performance

The results of hypothesis testing in table 11 show the following conclusions:

Organizational innovation can positively mediate the effect of innovation capability on innovation performance because the original sample value is positive. Organizational innovation can mediate the effect of organizational learning on innovation performance positively because the original sample value is positive. Organizational innovation can mediate the effect of potential absorptive capacity on innovation performance with a positive effect because the original sample value is positive.

Based on testing the first hypothesis, namely, potential absorptive capacity has a positive and significant effect on innovation performance, *sis* 1 in this study is accepted with a positive influence. This means that the higher the potential absorptive capacity, the predicted innovation performance will also increase. The original sample value of 0.424 indicates that if the potential absorptive capacity increases by 1 unit, the innovation performance will increase by 0.424. The results of this study are in line with those conducted by Palomino et al. (2022) (Q1) and Kostopoulos et al. (2011) (Q1) shows that potential absorptive capacity has a significant influence on innovation performance. Companies with potential absorptive capacity will continue to gain new knowledge so that the innovations made by the company can impact the company.

Based on testing the second hypothesis, namely organizational learning has a positive and significant effect on innovation performance, *sis* 2 in this study is accepted with a positive influence. This means that the higher the organizational learning, the predicted innovation performance will also increase. The original sample value of 0.521 indicates that if organizational learning increases by 1 unit, innovation performance will increase by 0.521. The results of this study are in line with those conducted by Gomes & Wojahn (2017) (Q3) and Beyene et al. (2016) (Q3) shows that organisational learning has an influence on innovation performance. Organizational learning can be defined as an organization's ability to process knowledge, i.e., create, acquire, transfer, and integrate knowledge and modify behavior to reflect new cognitive situations to improve the organization's capabilities (Gomes & Wojahn, 2017).

Based on testing the third hypothesis, namely innovation capability has a positive and significant effect on innovation performance, *sis* 3 in this study is accepted with a positive influence. This means that the higher the innovation capability, the predicted innovation performance will also increase. The original sample value of 0.028 indicates that if innovation capability increases by 1 unit, innovation performance will increase by 0.028. The results of this study are in line with those conducted by Palomino et al. (2022) (Q1) shows that innovation capability has an influence on innovation performance. Likewise, research conducted by YuSheng & Ibrahim (2020) (Q2) and Rajapathirana & Hui (2018) (Q1) in his research shows that innovation capability can indirectly increase the company's innovation performance.

Based on testing the fourth hypothesis, namely organizational innovation has a positive and significant effect on innovation performance, *sis* 4 in this study is accepted with a positive influence. This means that the higher the organizational innovation, the predicted innovation performance will also increase. The original sample value of 0.183 indicates that organizational innovation increases by 1 unit, and innovation performance will increase by 0.183. The results of this study are in line with those conducted by Rajapathirana & Hui (2018) (Q1) and Hassan et al. (2013) (Q2) Shows that organizational innovation influences organizational innovation. Companies that make innovations aim to have a positive impact in terms of effectiveness, efficiency, and the organization's performance. Therefore, innovations made by organizations can affect the company's innovation performance (YuSheng & Ibrahim, 2020).

Based on testing the fifth hypothesis, namely, potential absorptive capacity has a positive and significant effect on organizational innovation, hypothesis 5 in this study is accepted with a positive influence. This means that the higher the potential absorptive capacity, organizational

innovation is predicted to increase. The original sample value of 0.211 indicates that if the potential absorptive capacity increases by 1 unit, organizational innovation will increase by 0.211. The results of this study are in line with those conducted by Ali et al. (2016) (Q1), Sancho-Zamora et al. (2021) (Q1) and García-Sánchez et al. (2018) (Q1) shows that Absorptive capacity has an influence on organizational innovation.

Based on the sixth hypothesis testing, organizational learning has a positive and significant effect on organizational innovation, so hypothesis 6 in this study is accepted with a positive influence. This means that the higher the organizational learning, the more likely organizational innovation will increase. The original sample value of 0.249 indicates that if organizational learning increases by 1 unit, organizational innovation will increase by 0.249. The results of this study are in line with those conducted by Haile & Tüzüner (2022) (Q3) and Sutanto (2017) (Q1) shows that organizational learning influences organizational innovation. Organizational learning can be thought of as the way organizations learn (Sancho-zamora et al., 2022). Companies that are constantly learning will generally be encouraged to innovate both in terms of new products and new work processes.

Based on the seventh hypothesis testing, innovation capability has a positive and significant effect on organizational innovation, so hypothesis 7 in this study is accepted with a positive influence. This means that the higher the innovation capability, the more likely organizational innovation will increase. The original sample value of 0.480 indicates that if innovation capability increases by 1 unit, organizational innovation will increase by 0.480. The results of this study are in line with those conducted by Rajapathirana & Hui (2018) (Q1) and YuSheng & Ibrahim (2020) (Q2) shows that innovation capability influences organizational innovation. Not all companies can allocate resources to produce new products or services because, generally, companies only focus on existing products and how to improve organizational performance.

CONCLUSION

Potential absorptive capacity is a variable that has the most significant influence on innovation performance and organizational innovation. Therefore, the potential absorptive capacity variable is a factor that PT XYZ can pay attention to when it wants to improve the company's innovation performance. Based on the results of descriptive analysis, the indicator regarding the ability of business units to obtain important information, the business unit will immediately communicate the information to all business units or other departments, is the lowest, so it can be said that the dissemination of information at PT XYZ can be better. A similar indicator regarding companies requiring departments to gather regularly to discuss new developments, problems, and achievements can still be improved. The company's innovation performance is expected to improve with the improvements made.

Organizational Learning is one of the variables that significantly influences innovation performance and organizational innovation. Therefore, the Organizational learning variable is a factor that PT XYZ can pay attention to when it wants to improve the company's innovation performance. Based on the results of descriptive analysis, all indicators have obtained perfect scores. Organizational Learning needs to be maintained. All employees have felt that if they stop learning, it can endanger them in the future. This mindset needs to be maintained by the company so that if there is a turnover or recruitment of new employees, it is necessary to form a similar mindset from the supervisor.

Organizational innovation is one of the variables that can affect innovation performance. Therefore, the Organizational learning variable is a factor that PT XYZ can pay attention to when it wants to improve the company's innovation performance. Based on the results of descriptive analysis, indicators regarding companies constantly investing in improving work procedures, introducing new services, and developing new operating systems can still be

improved. This aligns with the company's problem of not using new technology or operating systems to carry out its work until now.

This research has its limitations, where it analyzes the impact of potential absorptive capacity, organizational learning, innovation capability, and organizational learning, as well as their impact on innovation performance. Based on the results of the questionnaire completed by the researchers, this study does not take into account any other context. Further research is expected to add other variables, such as organizational culture and work environment.

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