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The Role of Coaching, Organizational Support, and Knowledge Sharing in Organizational Performance

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Abstract

This study aims to examine the role of coaching, organizational support, and knowledge sharing on organizational performance in MSMEs (Micro, Small, and Medium Enterprises) in Lamongan Regency. The research employs a quantitative approach; the location and timeframe of the study were conducted in Lamongan Regency, with a sample consisting of 140 MSME owners. Data analysis was performed using Structural Equation Modeling (SEM). The results generally indicate a negative relationship between coaching and organizational support toward organizational performance. However, the mediating role of knowledge sharing is found to fully mediate the effect of these two variables on organizational performance.

Keywords: *Coaching, Knowledge Sharing, Organizational Performance, Organizational Support.*

INTRODUCTION

The MSME (Micro, Small, and Medium Enterprise) sector plays a crucial role as a driver of Indonesia's economy and has become a primary focus for the current government. In addition to contributing to economic growth and development, MSMEs are also vital in addressing unemployment issues in the country. It is reported that the number of MSME actors in Indonesia has reached 49 million, with the potential to absorb more than 107 million workers. Over the past five years, the MSME sector has increasingly contributed to the gross domestic product (GDP), with the Ministry of Cooperatives and Small and Medium Enterprises recording an increase from 57.84 percent to 60.34 percent in 2016 (www.depkop.go.id/berita-informasi/data-informasi, 2016).

According to data from the Ministry of Cooperatives and SMEs (2016), in 2013 there was a significant disparity in the number of business units among Micro Enterprises (UMi), Small and Medium Enterprises (UKM), and Large Enterprises (UB). The number of micro-enterprises (UMi) was by far the highest, totaling 57,189,393 business units or 98.775 percent of all business units. In comparison, UKMs accounted for only 706,327 business units or 1.22 percent, while large enterprises (UB) amounted to merely 5,066 business units or 0.01 percent. Despite their smaller numbers, SMEs demonstrated higher growth rates compared to UMi and UB during that year. Specifically, SME growth reached 3.94 percent, with small enterprises growing at a rate of 6.3 percent, UMi at 2.39 percent, and large enterprises at just 1.97 percent. However, Indonesian SMEs still face challenges in terms of global competitiveness, particularly in innovation and human resource capabilities, when compared to SMEs in other ASEAN countries.

The Global Competitiveness Report (2017) indicates that Indonesia has a relatively low level of innovation, ranking 46th out of 135 countries surveyed. This represents a decline from its previous ranking of 33rd out of 139 countries in 2016. In contrast, developed countries have demonstrated that Micro, Small, and Medium Enterprises (MSMEs) serve as key sources of production and technological innovation, as well as drivers of creative and innovative entrepreneurship. MSMEs are also capable of generating skilled employment opportunities and offering flexibility in production processes, enabling them to respond effectively to increasingly diverse and specific market demands.

To achieve such capabilities, MSMEs require several supporting factors, such as qualified human resources, mastery of technology, access to information, and output and input markets. However, compared to MSME partners in Asian countries like Taiwan, China, Thailand, and Singapore, the export performance of Indonesian SMEs remains very weak. Even SMEs in Vietnam, which only began their economic development in the early 1980s, still outperform Indonesian MSMEs.

Therefore, in enhancing the performance of MSMEs, human resource management becomes a key success factor for companies, including MSMEs. This

is due to increasing pressures and competition in the global market. Furthermore, there exists a gap among various studies regarding the effect of knowledge sharing on performance, as evidenced by inconsistent findings between Brandes et al. (2004), Borgner and Bansal (2007), Collins and Smith (2006), and Jenny Darroch (2005). Additionally, previous studies on coaching and knowledge sharing have also shown inconsistent results. Considering these emerging phenomena, particularly the role of financial resources in influencing MSME performance, as well as the inconsistencies in prior findings, the researcher formulates the following research question:

1. Does coaching have a positive effect on organizational performance in MSMEs in Lamongan Regency?
2. Does coaching positively influence organizational performance through knowledge sharing in MSMEs in Lamongan Regency?
3. Does coaching have a positive effect on organizational support in MSMEs in Lamongan Regency?
4. Does organizational support positively affect organizational performance through knowledge sharing in MSMEs in the Lamongan Regency?
5. Does organizational support have a positive effect on organizational performance in MSMEs in Lamongan Regency?
6. Does knowledge sharing have a positive effect on the organizational performance of MSMEs in Lamongan Regency?

LITERATURE REVIEW

Coaching

The literature offers a variety of definitions of coaching. According to Kampa-Kolesch and Anderson (2001), coaching is a form of systematic feedback intervention designed to enhance professional skills, interpersonal awareness, and personal effectiveness. In contrast, Peterson (1994) views coaching as a process that equips individuals with the tools, knowledge (Gil & Carrillo, 2013), and opportunities they need for professional development and to improve their effectiveness. On the other hand, Colomo and Casado (2006) define coaching as a guided, structured, and continuously monitored improvement process that brings participants closer to a previously established optimal performance level for their current role within an organization.

In the construction of coaching, it can be derived and modified from Olivero, Bane, and Kopelman (1997) as well as Gould (1997).

1. Organizations employ personal coaches to assist employees in improving their performance within a short-term process.
2. The coaching process is programmed by the organization.
3. The coach comes from outside the company.

In addition, according to Trepanier (2017), the measurement of aspects of coaching refers to seven items developed by Ellinger et al. (2003), Heslin et al. (2006), and Graen et al. (1982). These are composed of: 1. Operational 2. Facilitative 3. Relational.

Knowledge Sharing

Knowledge is defined as data and information combined with competence, intuition, experience, ideas, motivation, and capable sources (Nonaka & Takeuchi, 1995). The knowledge-based view (KBV) posits that knowledge holds a central position as a primary source of organizational competence (Grant, 1997; Nonaka, 2006). According to this perspective, knowledge can take the form of contextual information, experiences, and expert opinions (Davenport & Prusak, 1998). Knowledge is a core component and a key intangible resource that can serve as a source of sustainable competitive advantage (Davenport & Prusak, 1998; Wang & Noe, 2010). The knowledge-based view focuses on how organizations create, document, and share knowledge.

This study refers to the research of Wang and Wang (2012), which states that knowledge sharing consists of two aspects: 1. Tacit Knowledge Sharing – This refers to the sharing of knowledge that is personal, context-specific, and often embedded in experience, making it generally difficult to formalize and transfer to others. The key elements of tacit knowledge sharing are the willingness and capacity of individuals to share what they know and have learned. Human experience serves as the foundation for tacit knowledge sharing (Nonaka & Takeuchi, 1995; Polanyi, 1966). 2. Explicit Knowledge Sharing – This involves the process and mechanisms of sharing knowledge in a codified form, such as documented materials, which can be easily stored, replicated, disseminated, and understood. Examples of explicit knowledge include books, reports, documents, letters, electronic files, databases, audio-visual materials, and other similar resources.

Organizational Support

Perception is a process in which individuals organize and interpret their sensory impressions to give meaning to their environment (Robbins, 2002). Perceived organizational support is influenced by various aspects of how employees are treated by the organization, which in turn affects employees' interpretations of the organization's underlying motives for such treatment (Eisenberger et al., 1986). The organizational support theory assumes that, based on the norm of reciprocity, employees will feel obligated to help the organization achieve its goals because the organization cares about their well-being (Eisenberger et al., 1986, p. 500). Thus, perceived organizational support is defined as an individual's belief regarding the extent to which the organization values their contributions and cares about their welfare.

According to Eisenberger et al. (1986), the indicators of organizational support are as follows: 1) Recognition; The company provides rewards or recognition for employees' work achievements. 2) Development; The company pays attention to employees' capabilities and offers opportunities for promotion. 3) Work Conditions; This refers to both physical and non-physical aspects of the work environment. 4) Employee Well-being; The company shows concern for employees' overall well-being Furthermore, to simplify the earlier set of organizational support indicators, Eisenberger et al. (1990) proposed three main dimensions based on 18 statements to strengthen the measurement of these indicators. These dimensions are: 1. Affective Commitment 2. Pay/Promotion/Hope 3. Approval/ Recognition/Influence of Expectation.

Performance

Performance refers to the outcomes achieved from the behaviors of organizational members (Gibson, 1988). The desired outcomes that an organization seeks from the behaviors of its members are referred to as organizational performance. As a concept, organizational performance has undergone various developments in terms of measurement and definition. Understanding and defining organizational performance in academic literature and management research remains highly diverse, making it an ongoing issue that continues to evolve (Barney, 2001). Developments related to the concept encompass effectiveness, efficiency, economy, quality, behavioral consistency, and normative actions (Ricardo & Wade, 2001).

This study refers to previous research by Hermes et al. (2012), as well as studies supported by Lee and Choi (2003), Maltz et al. (2003), Tippins and Sohi (2003), Im and Workman (2004), Shang and Marlow (2005), and Bolat and Yilmaz (2009), which indicate that organizational performance consists of two main indicators: 1. Financial Performance 2. Non-financial Performance.

METHODS

The research approach employed in this study is quantitative. The sample consists of micro, small, and medium-sized enterprises (MSMEs) located in Lamongan Regency. According to Hair et al. (2010), an excessively large sample size can complicate the achievement of a good model fit. Therefore, it is recommended that the appropriate sample size for structural equation modeling (SEM) interpretation ranges between 100 and 200 respondents. Based on minimum sample size calculations, the required number of respondents for this study was determined to be 140 MSME owners in Lamongan Regency. Data were collected using questionnaires, and the analytical tool employed in this research is Structural Equation Modeling (SEM).

RESULTS AND DISCUSSION

Based on the identification conducted among MSMEs in Lamongan Regency, a total of 140 questionnaires were distributed to respondents who are both owners and practitioners actively managing their businesses. The data analyzed in this study were collected using research instruments in the form of questionnaires directly distributed to all respondents. The respondent characteristics aim to describe the profile of the MSME owners participating in the study, including variables such as gender, age, highest level of education, origin of business establishment, type of MSME, length of business operation, and number of employees. The results of the descriptive analysis of respondent characteristics are presented in the following table.

Table 1. Respondent Characteristics

No.	Respondent Characteristic/Profile	Frequency (Individuals)	Percentage (%)
1	Based on Gender:		
	1. Male	52	37%
	2. Female	88	63%
	Total	140	100%
2	Based on Age:		
	< 30 years	67	48%
	30-40 years	50	36%
	40-50 Years	18	13%
	>50 years	5	4%
	Total	140	100%
3	Based on the Highest Level of Education:		
	Junior High School	2	1%
	Senior High School	75	51%
	Diploma	11	8%
	Bachelor's Degree	52	37%
	Master's Degree	3	2%
	Total	140	100%
4	Origin of Business Establishment		
	Continuation of Parents' Business	13	9%
	Family Business	27	19%
	Personal Initiative	100	71%
	Total	140	100%
5	Type of MSME Business		
	Culinary	75	54%
	Creative Products	11	8%
	Services	25	18%
	Fashion	21	15%
	Trading/Retail	8	6%
	Total	140	100%
6	Business Age		
	<2 years	37	26%
	2-5 years	63	45%
	6-10 years	27	19%
	>10 years	13	9%
	Total	140	100%
7	Number of employees		
	<5 employees	45	32%
	5-10 employees	37	26%
	11-20 employees	25	18%
	>20 employees	33	24%
	Total	140	100%

The next analysis to be conducted involves examining the Average Variance Extracted (AVE) value. The AVE value represents the amount of variance captured by a construct in relation to the measurement error. The criterion for an acceptable AVE value is that it should be greater than 0.5. This measure is used to assess the construct reliability and validity of each variable.

Table 2. AVE Values for Each Variable

Variable	AVE Values	Status
X_1 *Coaching*	0.675	Valid
X_2 (Organizational Support)	0.675	Valid
Y (Performance)	0.565	Valid
Z ((Knowledge Sharing)	0.662	Valid

Source: Result of Data Analysis Using Smart PLS

Based on Table 2, the AVE values for each variable are valid; therefore, the analysis can be continued. The next analysis to be conducted involves examining the Fornell-Larcker criterion. The Fornell-Larcker criterion assesses the correlation of a variable with itself (i.e., its square root of AVE) in comparison to its correlations with other variables. According to this criterion, the correlation of a construct with its indicators (represented by the square root of its AVE) should be greater than its correlations with other constructs. This ensures discriminant validity among the latent variables.

Table 3. Fornell Lacker Criterion

Variable	X_1 (Coaching)	X_2 (Organizational Support)	Y (Performance)	Z (Knowledge Sharing)
X_1 (Coaching)	0.822			
X_2(Organizational Support)	0.707	0.822		
Y (Performance)	0.625	0.538	0.751	
Z (Knowledge Sharing)	0.826	0.729	0.671	0.814

Source: Result of Data Analysis Using Smart PLS

Based on the table above, it can be explained that the Fornell-Larcker criterion values are valid. This is indicated by the correlation of each construct with itself, which is not lower than its correlations with other constructs.

Table 4. Cronbach's Alpha and Composite Reliability Values

Indikator	Cronbach's Alpha	Composite Reliability	Status
X_1 (Coaching)	0.904	0.926	Reliable
X_2 (Organizational Support)	0.940	0.949	Reliable
Y (Performance)	0.914	0.928	Reliable
Z (Knowledge Sharing)	0.966	0.969	Reliable

Source: Result of Data Analysis Using Smart PLS

Based on Table 4, the composite reliability and Cronbach's Alpha values for each variable meet the acceptable thresholds, indicating that all constructs are reliable. Since all indicators and variables have demonstrated validity, and all constructs are found to be reliable, the data analysis can proceed to test the structural model. This implies that the measurement model is adequately validated and ready for hypothesis testing.

R-Square

The R-square value represents the variance explained in the endogenous variables. In this study, the endogenous variables are Variable Z and Variable Y. The R-square values are presented in Table 5 below:

Table 5. R-Square Value

Variable	R *Square*	*Adjusted R Square*
Y (Performance)	0.467	0.456
Z (Knowledge Sharing)	0.724	0.720

Source: Result of Data Analysis Using Smart PLS

Based on Table 5, it can be concluded that variables X_1 and X_2 explain 72.4% of the variance in variable Z. The remaining 27.6% is influenced by other variables outside of X_1 and X_2. Meanwhile, variables X_1 and X_2 account for 46.7% of the variance in variable Y while the remaining 53.3% is explained by other factors not included in this study. Further research is needed to identify additional variables that may influence variables Z and Y.

Path Coefficient

Path Coefficients represent the direction of the relationships between variables, indicating whether the relationships are positive or negative.

Table 6. Nilai Path Coefficients

Variable	X_1 (Coaching)	X_2 (Organizational Support)	Y (Performance)	Z (Knowledge Sharing)
X_1 (Coaching)		0.707	0.203	0.621
X_2 (Organizational Support)			0.059	0.290
Y (Performance)				
Z (Knowledge Sharing)			0.460	

Source: Result of Data Analysis Using Smart PLS

Based on Table 6, it can be concluded that the majority of the variables exhibit positive directions and coefficient values. Specifically, the relationship between Variable X_3 (Organizational Support) and Variable Z (Knowledge Sharing) is positive, with a coefficient value of 0.707.

Significance Testing

The significance of the relationships between variables is determined based on the t-statistic and p-values. The criterion for the t-statistic is that if its value exceeds 1.66, the relationship is considered statistically significant. For the p-values, a value less than 0.1 indicates statistical significance. The results of the data bootstrapping, which provide the t-statistics and p-values, are presented as follows:

Table 7. T-Statistic and P-Value Values

Variable	T Statistik	P *Values*	Description
Coaching -> Knowledge Sharing	6.467	0.000	Significant
Coaching -> Organizational Support	12.273	0.000	Significant
Coaching -> Performance	1.481	0.139	Not Significant
Organizational Support -> Knowledge Sharing	3.574	0.000	Significant
Organizational Support -> Organizational Performance	0.469	0.639	Not Significant
Knowledge Sharing -> Performance	3.152	0.002	Significant

Source: Result of Data Analysis Using Smart PLS

Based on Table 7, it can be concluded that the variable Coaching has a positive and significant relationship with knowledge sharing. Coaching also shows a positive and significant relationship with organizational support. However, the relationship between Coaching and performance is not statistically significant. The variable organizational support has a positive and significant relationship with knowledge sharing, while its relationship with organizational performance is not significant. Meanwhile, the relationship between knowledge sharing and organizational performance is positive and significant.

Table 8. Indirect Effect Values

Variable	T Statistik	P Values	Description
Coaching -> Organizational Support -> Knowledge Sharing	3.201	0.001	Significant
Coaching -> Knowledge Sharing -> Organizational Performance	3.264	0.001	Significant
Organizational Support -> Knowledge Sharing -> Organizational Performance	2.106	0.036	Significant
Coaching -> Organizational Support -> Knowledge Sharing -> Organizational Performance	1.998	0.046	Significant
Coaching -> Organizational Support -> Organizational Performance	0.452	0.651	Not Significant

Source: Result of Data Analysis Using Smart PLS

Based on Table 8, it can be concluded that all variables are positively and significantly related, except for the relationship between Coaching and both Organizational Support as well as Organizational Performance, which are not statistically significant.

CONCLUSION

The purpose of this study is to examine the relationships between Coaching, Organizational Support, and Organizational Performance, with Knowledge Sharing serving as a moderating variable. The research findings indicate that the direct relationships between Coaching and Organizational Performance, as well as between Organizational Support and Organizational Performance, are not significant. However, Coaching shows a significant positive effect on Organizational Support. Furthermore, there is a significant relationship between Knowledge Sharing and Organizational Performance. More importantly, when Knowledge Sharing is introduced as a moderating variable in the relationship between Coaching and Organizational Support toward Organizational Performance, a significant moderating effect is observed. Therefore, it can be concluded that Knowledge Sharing plays a crucial role in enhancing the performance of MSMEs. This suggests that organizations or business associations that actively facilitate the exchange of knowledge and information can significantly contribute to the development and growth of MSMEs.

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