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**The Effect of Learning Orientation, Absorptive Capacity, and Knowledge Management on Organizational Performance of the Army Hospital, Mediated by Innovation and Moderated by IT Capability**

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**Abstract**

The main objective of this study is to analyze the influence of Learning Orientation, Absorptive Capacity and Knowledge Management on the Organizational Performance of the Indonesian Army Hospital mediated by Innovation and IT Capability as a moderator. The sample in this study were individuals who held structural positions in the hospital and acted as decision makers, with the requirement of having a minimum education of Diploma or equivalent in the health sector. Research Methods, the data obtained were analyzed using SEM (Structural Equation Modeling) with the SPSS version 22.0 and Smart PLS version 3 programs. The samples used were 14 level II Indonesian Army Hospitals spread throughout Indonesia.

The findings of this study show that there is a positive influence of Learning Orientation, Absorptive Capacity, Knowledge Management and Innovation on Organizational Performance at the Indonesian Army Hospital. The Learning Orientation variable does not affect Innovation, but the Absorptive Capacity and Knowledge Management variables affect the Innovation of the Indonesian Army Hospital. While the results of the indirect hypothesis show that the Learning Orientation variable does not have a significant effect on the Organizational Performance of the Indonesian Army Hospital mediated by Innovation. The Absorptive Capacity and Knowledge Management variables have a significant effect on the Organizational Performance of the Indonesian Army Hospital mediated by Innovation. In addition, the IT Capability variable is able to moderate the influence of Innovation on the Organizational Performance of the Indonesian Army Hospital.

Important implications for the management of the Indonesian Army Hospital (AD) must prioritize Learning Orientation and Absorptive Capacity to improve Organizational Performance.

**Keywords:** Learning Orientation, Absorptive Capacity, Knowledge Management, IT Capability, Innovation, Organizational Performance.

## **1. Introduction**

Health is a primary need for society, serving as the foundation for the well-being and productivity of social, economic, and educational life (Sa'adah & Maksum, 2017). Hospitals, as healthcare facilities, play a vital role in achieving optimal health, with the functions of healthcare, education, research, and disease prevention (Sa'adah & Maksum, 2017). The Indonesian Army Hospital, as an integral part of the Indonesian military health system, serves military personnel, their families, and the general public, with a unique organizational structure and regulations, and a focus on service effectiveness in emergency situations and military operations (Gozali et al., 2020).

However, in the face of increasingly fierce competition in the healthcare sector, the Indonesian Army Hospital still faces challenges in improving organizational performance, particularly in optimally utilizing internal and external resources (Yusuf et al., 2022; Sugiarti et al., 2021). Good organizational performance is strongly influenced by the quality of human resources, the ability to innovate, and adaptation to technology and environmental changes (Al-Harazneh et al., 2021; Amin et al., 2022). Learning orientation is one important factor believed to drive performance improvement through continuous learning and innovation, although its direct impact on performance in the military hospital environment still requires further study (Junedi, 2024; Ni Made, 2019; Anggraini et al., 2022).

Furthermore, absorptive capacity, the ability of an organization to absorb and apply new knowledge and technology, is a key factor in supporting innovation and improving hospital performance (Kim et al., 2023; Sinaga et al., 2024). In the context of the Indonesian Army Hospital, this absorptive capacity still faces obstacles such as resistance to change and limited infrastructure support, necessitating strategies that optimize this capacity. Knowledge and knowledge management also play a strategic role in driving innovation and improving organizational performance (Pigola & Da Costa, 2022; Al-Kurdi et al., 2020).

Innovation itself is the main driver in improving service quality and hospital competitiveness, while IT capability plays a crucial role as an information technology supporter that enables digital transformation and operational efficiency (Distanont & Khongmalai, 2020; Tallon et al., 2021; Zhang et al., 2022). The Indonesian Army Hospital has attempted to adopt various innovations, but their implementation still faces obstacles that require synergy between learning orientation, absorptive capacity, knowledge management, and IT capability to achieve optimal performance (Sofi et al., 2020; Alrowwad et al., 2023).

This study aims to examine the influence of learning orientation, absorptive capacity, and knowledge management on the organizational performance of Indonesian Army Hospitals, considering the mediating role of innovation and the moderating role of IT capability. This study is expected to make a significant contribution to the development of learning- and innovation-based managerial strategies, particularly in the unique and complex context of military hospitals (Ghasemzadeh et al., 2021; Jameel et al., 2020).

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## **2. Literature Review**

### *2.1. Learning Orientation*

Learning orientation is the values, beliefs, and attitudes that influence an organization's commitment to continuous learning and adaptation to change (Atitumpong, 2018). Individuals or organizations with a learning orientation tend to have a greater chance of achieving success because they are open to innovation and knowledge capacity development (Martinez et al., 2020; Suardana et al., 2024). In an organizational context, learning orientation is not only an internal value but also a crucial strategy that encourages systematic learning, knowledge sharing, and adaptation to dynamic environments (Carnegie, 2015; Senge, 1990; Garvin, 2003). For example, an open learning culture and leadership support can enhance learning capacity in healthcare organizations (de Kok et al., 2023). Indicators of learning orientation include commitment to learning, open-mindedness, and shared vision, which reflect an organization's commitment to learning and innovation (Aloulou, 2018). In the hospital context, learning orientation is crucial for enhancing medical technology adoption, updating healthcare workers' competencies, and improving service quality according to the latest standards, thus becoming the primary foundation for facing competition and improving organizational performance (Raharso & Prabowo, 2022).

### *2.2. Absorptive Capacity*

Absorptive capacity is an organization's ability to recognize, absorb, assimilate, and apply external knowledge to achieve strategic objectives (Cohen & Levinthal, 1990; Zahra & George, 2002). This concept is divided into four main dimensions: knowledge acquisition, assimilation, transformation, and exploitation, which describe the continuous process from knowledge identification to practical utilization (Zahra & George, 2002). Absorptive capacity is divided into Potential Absorptive Capacity (PACAP) and Realized Absorptive Capacity (RACAP), where PACAP focuses on the ability to acquire and understand new knowledge, while RACAP is related to the utilization and application of that knowledge for innovation and performance improvement (Zahra & George, 2002). Recent research shows that absorptive capacity is crucial for driving organizational innovation and performance, including in the healthcare sector, which requires rapid adaptation to new medical technologies (Muller et al., 2020; Khan & Mirza, 2021; Kim et al., 2023). At the Indonesian Army Hospital, optimal absorptive capacity can improve the ability to adopt technology and the effectiveness of military health services, thereby strengthening competitiveness amidst competition from other hospitals.

### *2.3. Knowledge Management*

Knowledge management is a systematic approach to the creation, management, dissemination, and utilization of knowledge to improve organizational effectiveness (Davenport & Prusak, 1998). In the hospital context, knowledge management is crucial because it relates to patient safety, service quality, and adaptation to advances in medical technology (Abbas et al., 2020; Maravilhas & Martins, 2022). Koohang et al. (2017) proposed five main dimensions of knowledge management relevant to the healthcare sector: localization, usage of knowledge, knowledge acquisition, knowledge codification, and knowledge transfer. Effective implementation of knowledge management at the Indonesian Army Hospital can maintain the continuity of medical personnel competence, accelerate technology adoption, and ensure intergenerational knowledge transfer, thus supporting preparedness for military emergencies and disasters. Research also confirms that effective knowledge management can improve organizational innovation and performance by reducing medical errors and increasing operational efficiency through the integration of digital technologies such as EHR and artificial intelligence (Awan et al., 2021; Santoro et al., 2021; Abuaddous et al., 2023).

### *2.4. Innovation*

Innovation is the process of implementing new ideas that generate added value for an organization, including new products, services, processes, or business models (Tidd & Bessant, 2021; Robbins & Coulter, 2016). Innovation is not only creativity, but also concrete implementation that provides strategic benefits and increases organizational competitiveness (Sutarno in Putra, 2019; Suryana, 2014). In the healthcare sector, innovation is crucial for improving service quality, patient safety, and operational efficiency, for example through electronic medical records, telemedicine, and artificial intelligence (Cillo et al., 2021). Innovation also encompasses product, process, marketing, and organizational innovations that help organizations remain adaptive and competitive (OECD Oslo Manual, 2018; Sisca, 2021). Research by Sherly et al. (2020) and Muliana (2020) emphasizes that innovation improves existing processes through experimentation, risk-taking, and high creativity, which are highly relevant to the development of modern healthcare services, including at the Indonesian Army Hospital.

### *2.5. Information Technology Capability*

Information Technology Capability is an organization's ability to manage and utilize information technology to support business processes and achieve strategic goals (Hess et al., 2021). Important aspects of IT Capability include technological infrastructure, skilled human resources, and technology integration with business strategy (Zhang & Tansuhaj, 2023). Quality IT infrastructure contributes to improved organizational performance and responsiveness to market changes (Benitez et al., 2022), while human resource capabilities in the IT sector are a determining factor in successful technology implementation (Chen et al., 2020). Dynamic IT Capability enables organizations to adapt quickly to technological and market changes and integrate technological innovation into operations (Teece, 2021). Furthermore, IT alignment capability, which connects technology strategy with business strategy, is also crucial to support

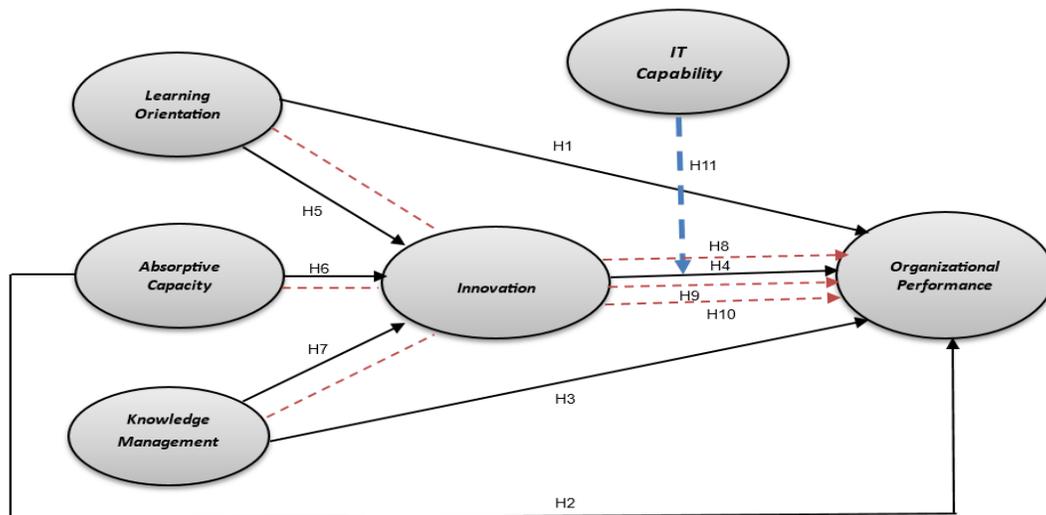
operational efficiency and continuous innovation (Ravichandran & Lertwongsatien, 2023). This capability is highly relevant for the Indonesian Army Hospital in strengthening its competitiveness and readiness to face strategic challenges.

2.6. Organizational Performance

Organizational performance is the primary indicator of an organization's success in achieving its strategic goals, measured through quality, quantity, effectiveness, and stakeholder satisfaction (Venkatraman & Ramanujam, 1986; Armstrong & Baron, 1998). This definition encompasses individual and group work results related to achieving organizational targets legally and ethically (Robbins, 2016; Afandi, 2018; Kasmir, 2019; Iskandar et al., 2021). Factors influencing organizational performance include discipline, clarity of responsibilities, and individual creativity (Sutrisno, 2016). Organizational performance indicators include work quality, work quantity, task knowledge, and teamwork (Bernadin & Russell in Wahyuni, 2020). In the context of hospitals, including the Indonesian Army Hospital, organizational performance is measured through compliance with SOPs, the number of patients treated, the competence of health workers, and cross-professional collaboration that contributes to improving the quality of service and the competitiveness of the institution (Bernadin & Russell in Wahyuni, 2020; Sutrisno, 2016; Venkatraman & Ramanujam, 1986).

3. Framework

A conceptual framework is the foundation of thought that underlies research or scientific writing. It explains how relevant theories, concepts, and facts are connected to answer research questions or achieve research objectives. The following is a conceptual framework used in research:



#### **4. Research Methodology**

This study uses a quantitative research design with an associative approach that aims to analyze the relationship between variables. According to Silaen (2018), research design is the entire process planned for conducting research. This study focuses on the relationship between six variables, namely Learning Orientation (X1), Absorptive Capacity (X2), Knowledge Management (X3) as independent variables, Organizational Performance (Y) as dependent variable, Innovation (Z) as mediating variable, and IT Capability as moderating variable. Data were collected through questionnaires from respondents and analyzed using statistical tests.

The conceptual definition and measurement of variables are based on operationalization that allows variables to be measured objectively and consistently, as outlined by Nurdin and Hartati (2019). Learning Orientation is measured using three dimensions: commitment to learning, open-mindedness, and shared vision (Aloulou, 2018). Absorptive Capacity encompasses knowledge acquisition, assimilation, transformation, and exploitation (Cohen & Levinthal, 2019; Zahra & George, 2002). Knowledge Management is measured using five dimensions: localization, usage of knowledge, knowledge acquisition, knowledge codification, and knowledge transfer (Davenport & Prusak, 1998; Koohang et al., 2017). Innovation, as a mediating variable, encompasses product, process, marketing, and organizational innovation (OECD Oslo Manual, 2018; Tidd & Bessant, 2021). Organizational Performance as a dependent variable is measured based on quality, quantity, knowledge, and cooperation (Afandi, 2018; Bernadin & Russell, 1993). Meanwhile, IT Capability as a moderator variable is measured based on the quality of IT infrastructure, IT human resource competency, and business process digitalization (Li et al., 2022; Zheng et al., 2020).

Data collection was conducted using a Likert-format questionnaire with a scale of 1 to 5, which provides an overview of respondents' attitudes towards the variables studied. The study population was structural officials at fourteen level II hospitals in Indonesia. The sample was taken using a probability sampling technique with a saturated sampling method, which means that the entire population that met the criteria was sampled, totaling 250 respondents in accordance with the ideal sample size reference (Sugiyono, 2018; Sekaran, 2017).

Data were analyzed using Structural Equation Modeling (SEM) with a Partial Least Squares (PLS) approach. SEM allows for the analysis of complex causal relationships between variables (Abdullah, 2015). PLS-SEM was chosen because it does not require the assumption of normal data distribution and is effective for relatively small sample sizes (Latan & Ghozali, 2017). Model evaluation was conducted by testing the indicator reliability, convergent and discriminant validity of the measurement model (outer model), and testing the predictive power of the structural model (inner model) through the R-square value, Stone-Geisser test, and goodness of fit (GoF).

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## **5. Research Results and Discussion**

### *5.1. Analysis of Research Results*

The processing results for testing the research hypothesis are shown in the Hypothesis Testing table which consists of 11 hypothesis tests.

Hypothesis Testing Table

Hypothesis	Coefficient	Statistics	P-value	Decision
H <sub>1</sub> There is a positive influence of <i>Learning Orientation</i> on the <i>Organizational Performance</i> of the Indonesian Army Hospital.	0.116	4,292	0,000	Hypothesis supported
H <sub>2</sub> There is a positive influence of <i>Absorbive Capacity</i> on the <i>Organizational Performance</i> of the Indonesian Army Hospital	0.057	1,986	0.050	Hypothesis supported
H <sub>3</sub> There is a positive influence of <i>Knowledge Management</i> on the <i>Organizational Performance</i> of the Indonesian Army Hospital	0.244	4,697	0,000	Hypothesis supported
H <sub>4</sub> There is a positive influence of <i>innovation</i> on the <i>organizational performance</i> of the Indonesian Army Hospital.	0.526	10,622	0,000	Hypothesis supported
H <sub>5</sub> There is a positive influence of <i>Learning Orientation</i> on <i>Innovation</i> at the Indonesian Army Hospital	0.025	0.329	0.742	Hypothesis Not Supported
H <sub>6</sub> There is a positive influence of <i>Absorbive Capacity</i> on <i>Innovation</i> at the Indonesian Army Hospital	0.502	5,708	0,000	Hypothesis supported
H <sub>7</sub> There is a positive influence of <i>Knowledge Management</i> towards the <i>Innovation</i> of the Indonesian Army Hospital	0.471	8,547	0,000	Hypothesis supported
H <sub>8</sub> There is a positive influence of <i>Learning Orientation</i> on the <i>Organizational Performance</i> of the Indonesian Army Hospital mediated by <i>Innovation</i>	0.013	0.342	0.733	Hypothesis not supported

Hypothesis		Coefficient	Statistics	P-value	Decision
H <sub>9</sub>	There is a positive influence of <i>Absorptive Capacity</i> on the <i>Organizational Performance</i> of the Indonesian Army Hospital mediated by <i>Innovation</i>	0.264	6,862	0,000	Hypothesis supported
H <sub>10</sub>	There is a positive influence of <i>Knowledge Management</i> on the <i>Organizational Performance</i> of the <b>Indonesian</b> Army Hospital mediated by <i>Innovation</i> .	0.248	5,393	0,000	Hypothesis supported
H <sub>11</sub>	There is a positive influence of <i>Innovation</i> on the <i>Organizational Performance</i> of the Indonesian Army Hospital which is moderated by <i>IT Capability</i> .	0.429	12,135	0,000	Hypothesis supported

Source: SmartPLS 3 Data Processing Results (2025)

The results of the hypothesis testing indicate that Learning Orientation has a significant positive influence on the Organizational Performance of the Indonesian Army Hospital, meaning that improving Learning Orientation can improve organizational performance. A similar trend is observed for Absorptive Capacity and Knowledge Management, both of which contribute positively to improving Organizational Performance. Furthermore, Innovation has also been shown to have a very significant positive influence on Organizational Performance, making it a key factor in improving the hospital's performance.

However, the relationship between Learning Orientation and Innovation was not proven to be significant, indicating that Learning Orientation does not have a direct impact on increasing innovation in hospitals. Conversely, Absorptive Capacity and Knowledge Management were shown to have a significant positive influence on Innovation, indicating that these two factors encourage increased innovation in the organizational environment.

Regarding the mediating role of Innovation, only Absorptive Capacity and Knowledge Management have a significant influence on Organizational Performance through Innovation, while Learning Orientation does not show a significant mediation effect through Innovation. This indicates that Innovation mediates the relationship between Absorptive Capacity and Knowledge Management with organizational performance, but not for Learning Orientation.

Finally, innovation also has a positive influence on organizational performance, moderated by IT capability. This means that information technology capability strengthens the positive impact of innovation on organizational performance, demonstrating the importance of IT support in enhancing innovation effectiveness to achieve optimal results at the Indonesian Army Hospital. Overall, the results of this study emphasize the importance of Absorptive Capacity, Knowledge Management, and Innovation as key to improving organizational performance, as well as the strategic role of IT Capability in strengthening the impact of innovation. Meanwhile, Learning Orientation plays a direct role in organizational performance but not through innovation.

## *5.2. Discussion of Research Results*

### *5.2.1. The Influence of Learning Orientation on Organizational Performance*

The results of the study indicate that learning orientation has a positive and significant effect on organizational performance at the Indonesian Army Hospital. A coefficient value of 0.116 with a p-value of 0.000 indicates that increasing learning orientation will improve overall organizational performance. This finding is consistent with previous studies by Yang et al. (2022), Jabarzadeh & Jeihouni (2020), Listia & Ria (2023), Mario et al. (2023), Pramesella & Widya (2024), and Junedi et al. (2024) which emphasize the importance of learning orientation in fostering a culture of innovation and continuous improvement. In the hospital context, learning orientation contributes to the development of human resource competencies, the implementation of best practices, and the improvement of the quality of medical services, which leads to increased efficiency and patient satisfaction.

### *5.2.2. The Influence of Absorptive Capacity on Organizational Performance*

Absorptive capacity was also shown to have a significant positive effect with a coefficient of 0.057 and a p-value of 0.050 on the performance of the Indonesian Army Hospital. This is in line with research by Liem (2019), Yudha (2020), Sancho-Zamora et al. (2022), Purwianti (2021), and Sarsah et al. (2020). Absorptive capacity, as an organization's ability to recognize, absorb, and integrate external knowledge, is crucial in a dynamic healthcare environment, helping hospitals adopt the latest technologies and innovations to improve operational efficiency and service quality. Studies by Zahra & George (2002), Lichtenthaler (2009), and Flatten et al. (2011) support the strategic role of absorptive capacity as a driver of innovation and performance improvement.

### *5.2.3. The Influence of Knowledge Management on Organizational Performance*

Knowledge management shows a significant positive effect on organizational performance with a coefficient of 0.244 and a p-value of 0.000. This finding is consistent with research by Khan and Awan (2019), Bhasker (2017), and Mills & Smith (2010), which underscores the importance of knowledge management systems in supporting strategic decision-making, operational efficiency, and competitiveness. The implementation of knowledge management at the Indonesian Army Hospital contributes to improved service quality and more informed decision-making in facing the challenges of a rapidly changing environment.

#### 5.2.4. The Influence of Innovation on Organizational Performance

Innovation has a highly significant positive effect on organizational performance with a coefficient of 0.526 and a p-value of 0.000. Research by Kharabsheh (2017), Yudha et al. (2022), Jabarzadeh & Jeihouni (2020), and Pradana et al. (2020) also shows that innovation is key to maintaining competitiveness and improving organizational performance. Innovation in hospitals includes the adoption of new medical technologies, improvements to management systems, and the development of more efficient service procedures. Damanpour (2018), Walker (2004), Garcia & Calantone (2002), and Hung et al. (2011) support that innovation can improve service quality, efficiency, and patient satisfaction.

#### 5.2.5. The Influence of Learning Orientation on Innovation

In contrast to other hypotheses, learning orientation was not proven to have a positive effect on innovation with a coefficient of 0.025 and a p-value of 0.742. This finding contradicts the studies of Elgan & Wahyuningsih (2023), Reni et al. (2023), and Ayu & Budhi (2020) which showed a positive relationship between learning orientation and innovation. In the Indonesian Army Hospital environment, several factors become obstacles, such as a bureaucratic and hierarchical organizational culture (Senge, 1990), a focus on learning orientation that is more on individual development than organizational innovation (Sinkula et al., 1997), limitations in transforming learning into innovative practices (Calantone et al., 2002), and the dominance of external factors such as regulations and budgets that limit innovation (Hurley & Hult, 1998).

#### 5.2.6. The Influence of Absorptive Capacity on Innovation

Research shows that absorptive capacity has a positive and significant influence on innovation with an estimated coefficient of 0.502 and a p-value of 0.000. The organization's ability to recognize, absorb, and apply external knowledge is important in adopting the latest medical technology and updating management procedures to improve the quality of service in military hospitals (Cohen & Levinthal, 1990). Supporting research from Zahra & George (2002), Lichtenthaler (2009), Fosfuri & Tribó (2008), Lane et al. (2006), Tsai (2001), and Berland et al. (2011) strengthens the finding that absorptive capacity is the main foundation in increasing innovation.

#### 5.2.7 The Influence of Knowledge Management on Innovation

Knowledge management has been shown to significantly influence innovation, with an estimated coefficient of 0.471 and a p-value of 0.000. Effective knowledge management enables organizations to identify new opportunities, solve problems creatively, and increase competitiveness (Yousaf & Ali, 2018; Pigola & Da Costa, 2022; Abdi et al., 2018). Thus, knowledge management is a crucial foundation for strengthening a hospital's innovation capabilities.

#### 5.2.8. The Influence of Learning Orientation through Innovation on Organizational Performance

Learning orientation did not significantly influence organizational performance through innovation (coefficient 0.013, p-value 0.733). Theoretically, learning orientation is expected to encourage innovation that improves performance (Calantone et al., 2002; Hurley & Hult, 1998; Baker & Sinkula, 2019), however, empirically, the results of this study indicate that learning orientation is not strong enough to mediate innovation at the Indonesian Army Hospital. This opens up opportunities for further research with other mediator or moderator variables.

#### 5.2.9. The Influence of Absorptive Capacity through Innovation on Organizational Performance

Absorptive capacity positively influences organizational performance through innovation (coefficient 0.264, p-value 0.000). This finding is consistent with research by Yudha Prakasa et al. (2022), Miroshnychenko et al. (2020), and others, which emphasizes innovation as an important mediator. Organizations capable of absorbing and applying external knowledge can increase innovation, which impacts organizational performance (Cohen & Levinthal, 1990; Zahra & George, 2002; Lichtenthaler, 2009; Akgün et al., 2010; Tsai, 2001; Berland et al., 2011; Lane et al., 2006).

#### 5.2.10. The Influence of Knowledge Management through Innovation on Organizational Performance

Knowledge management has a positive effect on organizational performance through innovation (coefficient 0.248, p-value 0.000). Good knowledge management encourages innovation that improves operational efficiency, service quality, and hospital competitiveness (Agustia et al., 2022; Wu et al., 2021; Levallet & Chan, 2021).

#### 5.2.11. The Effect of Innovation on Organizational Performance Moderated by IT Capability

IT capability moderates the positive effect of innovation on organizational performance with a coefficient of 0.429 and a p-value of 0.000. Technological capability strengthens the effectiveness of innovation implementation in healthcare services (Agustia et al., 2022; Wu et al., 2021; Wu & Gao, 2022; Chen & Ong, 2016). The higher the IT capability, the greater the positive impact of innovation on hospital performance, including efficiency, service quality, and competitiveness.

## 6. Conclusion

In general, the results of this study indicate that Learning Orientation, Absorptive Capacity, Knowledge Management, and Innovation directly have a positive influence on the organizational performance of the Indonesian Army Hospital. In addition, Absorptive Capacity and Knowledge Management also have a direct positive influence on Innovation, while Innovation itself has a positive influence on organizational performance moderated by IT Capability. Indirectly, Innovation acts as a mediator in strengthening the influence of Absorptive Capacity and

Knowledge Management on organizational performance. Of the eleven hypotheses proposed, nine were proven correct, while two were not proven. Specifically, Innovation effectively mediates the influence of Absorptive Capacity and Knowledge Management, but not for Learning Orientation on organizational performance.

In more detail, this study found that the stronger the learning orientation at the Indonesian Army Hospital, which includes the willingness to accept new knowledge, make continuous improvements, and encourage innovation, the better the overall organizational performance. High absorptive capacity can also improve organizational performance by integrating the latest knowledge and innovation into hospital practices. Effective knowledge management practices support performance improvement through the management and sharing of knowledge that supports the organization's competitive advantage. Innovation directly contributes to improving service quality, operational efficiency, and hospital competitiveness. However, learning orientation was not proven to have a significant effect on innovation, possibly due to the structured characteristics of military organizations and a culture that does not support spontaneous innovation.

The study also confirms that a hospital's ability to absorb and manage new knowledge (Absorptive Capacity) and sound Knowledge Management practices play a crucial role in driving innovation. Furthermore, Innovation is shown to be a significant mediator in strengthening the influence of Absorptive Capacity and Knowledge Management on organizational performance, while Learning Orientation does not mediate this pathway through innovation. IT Capability acts as a reinforcement in the relationship between Innovation and organizational performance; strong information technology capabilities enable more effective innovation implementation and optimal performance outcomes. Overall, this study emphasizes the importance of integrating learning, knowledge, and technology-enabled innovation in improving the performance of the Indonesian Army Hospital.

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