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**THE INFLUENCE OF STRATEGIC INTANGIBLE RESOURCES ON  
SMALL AND MEDIUM ENTERPRISES (SMES) PERFORMANCE**

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**ABSTRACT**

The purpose of this paper is to examine the moderating influence of organizational trust in the relationship between innovativeness, knowledge sharing and small and medium enterprises performance. Closed-ended question was used in this study, and the five-point Likert scale used for evaluation. 210 questionnaires distributed to owners/managers of small and medium enterprises (SMEs) operating in food and beverage industry. The primary data that have been collected are analyzed using descriptive and causal method, and using structural equation modeling 3.0 to analyze the existing relationship. The results show a positive and significant relationship between innovativeness and SMEs. In addition, the study shows a significant and positive relationship between knowledge sharing and SMEs, and organizational trust moderates the relationship between the antecedents and SMEs.

**Keywords:** Innovativeness, Knowledge Sharing, Organizational Trust, SMEs performance.

**I. Introduction**

Small and Medium Enterprises (hereinafter referred to as SMEs) are acknowledged as the backbone of any economy as they are significant contributors to employment and economic growth (Yacob, Wong, & Khor, 2019). SMEs constitute 99% of the global number of companies operating in Algeria, and they play a significant role in the growth and development of the economy by offering new jobs, either directly via enterprises establishers, or indirectly through different trade activities surrounding the enterprises. In addition, these enterprises seek to provide job positions to people who do not meet the requirements of large organizations (Fellag & Zerrouki, 2017). In light of SMEs' significant role, they are considered as an innovative instrument for increasing

production, creating jobs, supporting economic growth, and enhancing a country's global competitiveness. Therefore, due to their crucial role, most enterprises in developed countries represent SMEs as an economic exemplar (Krasniqi, Vokshi, & Mati, 2015).

Certainly, all facts and statistics reflect the crucial contributions of SMEs in different developed and developing countries and third world. For instance, SMEs in U.S as a developed country provided 65.9% (8.4 million) of net new job creation as reported in Small Business Administration (2018) (SBA). In contrast, some countries as Algeria suffer from factors that curtail SMEs growth (Amroune, 2015; Bouzidi, 2010). The Algerian Ministry of Industry and Mines (2018) stated that the 1,093,170 million SMEs employing 2,690,246 million workers, represented 2.46% of total workforce. Therefore, the ratio of the firms' employment does not exceed two job positions in a single firm, reflecting the weakness of firms in terms of creating jobs. This clearly indicates that SMEs in Algeria are not able to grow in size.

Not only the employment rate is low, but also the number of unemployment is still alarmingly high in Algeria. According to the National Bureau of Statistics in Algeria, unemployment rate had risen from 9.9 % in April 2016 to 10.5 % in September 2016 (Elkhabar, 2016). Additionally, the International Monetary Fund (IMF) (2018) had stated that the unemployment rate remained high at 12 % in 2018.

Therefore, this paper provides a review on some intangible resources i.e. innovativeness, knowledge sharing and organizational trust (Barney, 1991) as factors influence SMEs performance. The study illustrates the different types of measuring firm's performance from financial and non-financial perspective. In addition to that, a critical review regarding to innovativeness, knowledge sharing and organizational trust are explained respectively. The following is organized into several sections. The following section provides the literature review of organizational performance, innovativeness, knowledge sharing and organizational trust followed by a critical review in the relationship between these constructs, the hypothesis, the adopted methodology, and finally the findings.

## **II.Literature review**

### **2.1 Firm performance**

One of the most interested topics for researchers in the area of management is organizational performance (Richard & Devinney, 2009). Organizational performance is the analysis of a company's performance as compared to goals and objectives (Otley, 1999). Koochang, Paliszkiwicz and Goluchowski (2017) define organizational performance on how well an organization in accomplishing its goals and objectives. Although researchers have offered a

variety models for measuring organizational performance, yet there is little consensus to institute a valid set of performance criteria (Cameron, 1981; Lewin & Minton, 1986). Bulak and Turkyilmaz (2014) define that financial and non-financial performance measures are commonly and the most used measurements of firm performance.

The following table 2.1 shows two aspects for measuring firm performance. The two columns show different aspects of financial and non-financial measurements found in the literature review.

**Table 2.1**  
*Performance measures*

Financial measurement	Non-Financial measurement
- Growth	- Market share
- Profitability	- Number of employees
- Sales Growth	- Turnover
- Return on equity	- Customer satisfaction
- Return on assets	- Employee's growth
- Return on sales	- Brand awareness
- Revenues	- Productivity
- Profits/ Losses	- Company reputation
- Return on invested capital	- Employment
- Cash flow	- Qualified labor
- Gross profit margin	- Employees commitment
- The average Growth	- Job satisfaction
	- New S/P development
	- S/P Quality
	- Subjective measures
	- Competitiveness
	- Employee performance
	- Competitive advantage

*Developed by the researcher*

## 2.2 Innovativeness

Innovativeness is an essential factor to enhance organizational performance. Deprived of innovativeness, SMEs would have to rely on traditional ways of doing business with traditional products and traditional distribution process (Jalali, Jaafar, & Ramayah, 2014), instead of depending on innovativeness that helps a firm to survive and improve its performance (Miller, 1983). Atuahene-Gima and Ko (2001); Covin and Slevin (1991) indicate that innovativeness facilitates to grasp new opportunities brought on by the significant changes in the external environment and to obtain success in the market.

Innovation is traditionally understood to mean the introduction of new goods, the use of new materials, the development of new methods of production, the opening of new markets, or the implementation of a new approach to organization (Schumpeter, 1934). However, Covin and Slevin, (1989) define

innovativeness as “the willingness to place a strong emphasis on research and development, new products, new services, improved product lines, and global technology in the industry”. Recently, Lumpkin and Dess (2001, p. 431) state that innovativeness is “the willingness to support creativity and experimentation in introducing new products/services, novelty, technological leadership and R&D in developing new processes”. Based on these different background definitions, the purpose of innovativeness is to improve the SMEs performance.

Despite the important role of innovativeness on organizational performance, literature shows mixed findings in this relationship. Afriyie, Du and Abdul-Aziz Ibn Musah (2020) investigated the influence of innovativeness, knowledge sharing and transformational leadership on 437 small and medium service enterprises. The study conducted in Ghana, and the authors found that innovativeness has significant effect on SMEs performance. Transformational leadership has a moderating effect on the relationship while knowledge sharing mediates the relationship between innovativeness and SMEs performance. This finding is in consistent with the studies of Omar, Aris and Nazri (2016), Filser and Eggers (2014), Ambad and Wahab (2013) and Yoon (2012).

In contrary, Lee, Chong and Ramayah (2019) examined the same relationship between innovativeness and performance but with insignificant relationship. This negative results is in accordance with the studies of Cannavale and Nadali, (2019) and Buli (2017).

### **2.3 Knowledge sharing**

Knowledge sharing is critical factor to a firm’s success (Davenport & Prusak, 1998), as it promotes organizational performance and requires employees to change their way of thinking (Jin, Deng, Liu, Zhao, Jiang, Peng & Hong, 2020). Bartol and Shrivastava (2002) defined knowledge sharing as the spread of personal knowledge within an organization so that all employees can take advantage from it. Alrubaiee, Alzubi, Hanandeh and Ali, (2015) argued that knowledge sharing relies on the process of transferring the correct knowledge to the people who need it in the appropriate time to do their work.

The review shows different ways to share knowledge. Holtham and Courtney (1998) identified four ways of sharing knowledge: informal i.e. meetings and conversations able to stimulate socialization; formal i.e. meetings and training courses; personal as it allows employees to share their own knowledge in a specific context; and impersonal by using archives. In addition, knowledge sharing refers to the process by which knowledge is conveyed from one person to another, from persons to groups, or from one organization to other organization (Gholami, Asli, et al, 2013). Setiarso, (2005) identified the purpose for sharing knowledge is to give chance to staff in organization or corporate to share knowledge, skill, idea, and experience with other staffs. Moreover, knowledge sharing purpose’s is to share collective beliefs or

behavioral routines related to exchanging employee knowledge, experiences and skills throughout a department or organization (Moorman & Miner, 1998).

Knowledge sharing is selected as a factor with SMEs performance in this study because the literature extensively conducted knowledge-performance relationship in large companies, in contrast with scarcity attention that has been paid to SMEs regarding this issue (Cantú, Bustani, Molina, & Moreira, 2009), and most of them focused on developed countries (Supyuenyong & Swierczek, 2013). Moreover, Serenko (2013, p. 792) concluded that “knowledge in small and medium enterprises” is one of a list of “several important topics that have not received sufficient attention in previous knowledge management research”. Similarly, Durst and Edvardsson, (2012) emphasized that the body of research about knowledge management in small and medium-sized enterprises is rather limited, compared to the large number of studies concerning big companies (Zieba, Bolisani & Scarso, 2016).

There are many disputes about the significance and influence of knowledge in business world during the recent years (Metaxiotis & Ergazakis, 2008), due to inconsistent findings in this relationship. For instance, Alrubaiee, Alzubi, et al., (2015) investigated the mediating effect of organizational innovation on the relationship between knowledge identification, knowledge acquisitive, knowledge storage, knowledge sharing and knowledge application on organizational performance. The survey distributed to 103 managers of telecommunication and information technology Jordanian companies. The authors found that all knowledge management elements including knowledge sharing have a positive and strong effect on organizational innovation and organizational performance. Similarly to the study of Gholami, Asli, et al., (2013); Bagnoli and Vedovato (2014) and Huang (2011) who found knowledge sharing has positive and significant relationship with organizational performance.

In contrast with the abovementioned findings, Jin, Deng, et al., (2020) inspected the relationship between knowledge sharing and organizational innovation performance, with a focus on mediating role of absorptive capacity and individual creativity. The study used online questionnaires collected from 166 Chinese enterprises in manufacturing, financial industry, E-commerce industry, communication service, express logistics and IT technical consulting sectors. The authors found that knowledge sharing cannot directly promote organizational innovation performance. Moreover, Yee-Loong Chong, Ooi, Bao and Lin (2014); Al Ahmara, Rofiq and Hadiwidjojo (2015) studied the same relationship with insignificant relationships between knowledge sharing and performance. Therefore, further studies are recommended, and a moderator should be established due to this inconsistency between constructs.

## **2.4 Organizational trust**

Bromiley and Cummings (1996) mentioned that increasing organizational trust within an organization could enhance performance and contribute to organizational profitability. After all, organizational trust has been viewed as an imperative factor for organizational success (Meyerson, Weick, & Roferick, 2006). In other words, increasing organizational trust in the organization allows sharing knowledge, innovative ideas and reducing interpersonal barriers. Therefore, the relationships of innovativeness, knowledge sharing and firm performance can be moderated by organizational trust.

Organizational trust in the context of innovation and knowledge sharing is crucial, as it encourages sharing creative information and knowledge and adopting knowledge from other sources (Alavi & Leidner, 2001). When organizational trust is established in a firm, it helps the employees to understand the firm goals more clearly, and then, they get more motivated to share their knowledge among group members to achieve the firm goal or mission in an effective way (Chou, 2008). Besides, organizational trust can facilitate the exchange of confidential information among functional managers because it diminishes the perceived risk of opportunism and thus the need to veil or hide sensitive knowledge (Yli-Renko Autio & Sapienza, 2001).

Therefore, organizational trust is selected as a moderator due to its importance as aforementioned. Moreover, its selection is based on the review limitations as moderator with performance. Moreover, many researchers recommended to investigate organizational trust as a moderator with performance (Liu, 2012; Frost & Moussavi, 2011; Micheels & Gow, 2011; Farndale, Hailey, & Kelliher, 2011; Chang & Wong, 2010).

From another angle, Baron and Kenny (1986) claimed that “the moderator variables are typically introduced when there is an unexpectedly weak or inconsistent relation between a predictor and a criterion variable”. Hence, Baron and Kenny recommended to utilize the moderator whenever there are mixed findings between the independent variables and dependent variables. The mixed findings were discussed earlier in the relationship between innovativeness, knowledge sharing and SME performance.

Additionally, the motivation for this research to be performed in Algeria by applying organizational trust as a moderator is due to the fact that many previous studies had only been conducted in developed countries like USA, Belgium, Spain, Australia and Denmark (Jain & Jain, 2016; Romero, 2015; Audenaert, Decramer, Lange, & Vander-straeten, 2016; Goris, Vaught, & Pettit, 2003; Robertson, Gockel, & Brauner, 2012; Guinot, Chiva, & Roca-Puig, 2014). Furthermore, similar studies were conducted in sectors such as banks, hospitals, Universities, service and education (Cheng, Fu, Han & Zarifis, 2017; Hassan, Nadeem, & Akhter, 2016; Jain & Jain, 2016), with very limited studies administered in the food and beverage sector in developing countries.

Hence, it is necessary to conduct further research on Algeria. The different cultures and values in Algeria compared to the developed countries may lead to different and interesting findings. Additionally, conducting the current study in the food and beverage industry could provide different results when compared to other sectors.

### **III. Methodology**

#### ***3.1 Data collection and procedures***

The questionnaire in this study is self-administered in the Arabic language after the back-to-back translation method to ensure that the interpretations between the translated and the original had similar meaning. The researcher checked that the meaning and interpretation between the first and second translation are similar. After the questionnaire was piloted and validated, the questionnaires were distributed to firms operating in food and beverage industry.

The study examines the moderating influence of organizational trust on the relationship between innovativeness, knowledge sharing and SMEs. The researcher personally administered the questionnaire to owners/managers of firms, as it allows the researcher to motivate the respondent completing the questionnaire by giving an explanation for any enquiry. The researcher motivated the respondents to answer the entire questionnaire by indicating the outcomes that enhance the firm performance.

The researcher, sometimes, gets a chance to meet personally the firm's owners/managers to hand in the questionnaire. Other times, it left in the front office or in the reception and waiting for a call to receive it, and other times, the researcher made a call to the receptionist to check whether the questionnaire is ready for delivery.

Generally, this is the procedure that is followed by the researcher to collect data from Algerian firms operating in food and beverage industry during six months from early April to September 2018. The data were collected from SMEs operating in the food and beverage sector i.e. fish, beef, chicken, egg, juice, soda, mineral water, tomato, vegetables, fruits, dates, coffee, wheat and pastas, bread, sweets/candy, confectionery, sugar, oils, olive oil, vinegar, cheese, yoghurt and milk et cetera.

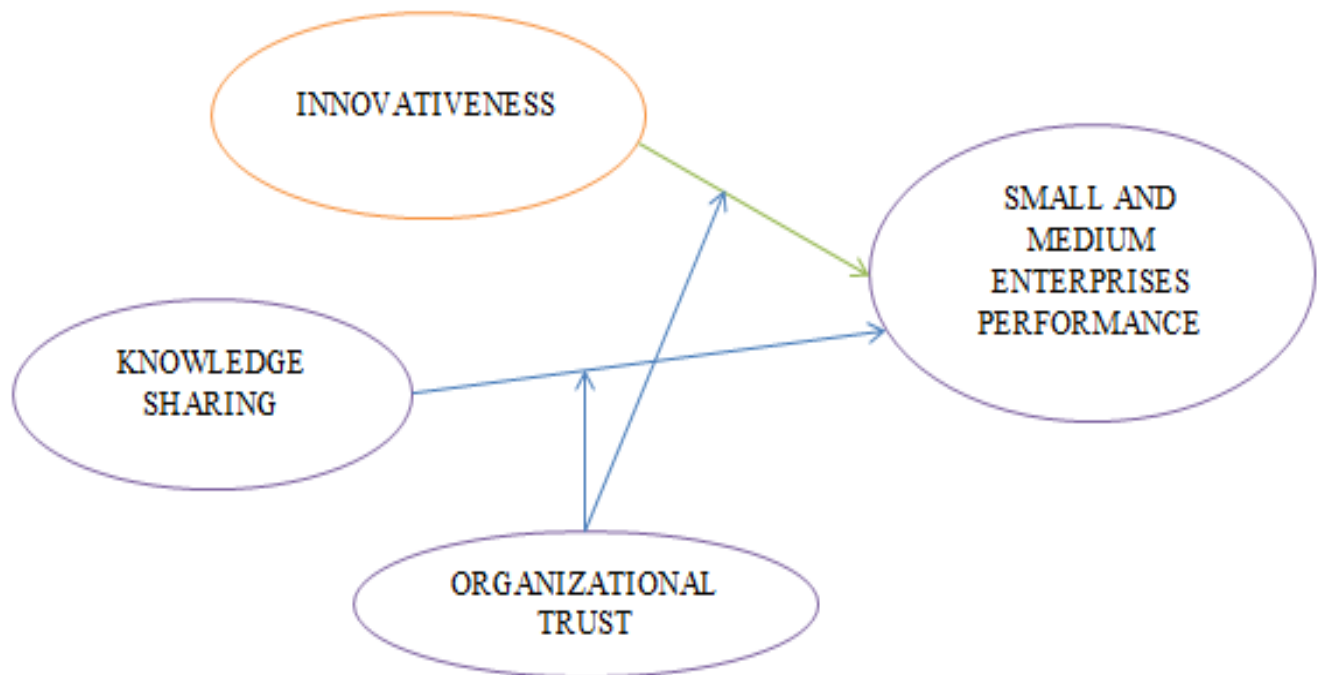
#### **3.2 Techniques of data analysis**

Structural Equation Modeling-Partial Least Squares (SEM-PLS) or path analysis is suitable to recognize multiple association effects, like direct and indirect effects with moderation using the bootstrapping method. Therefore, in this study, the researcher used SEM- PLS due to these reasons. Firstly, it is the most frequently applied technique in social sciences and management research as suggested by many researchers (Hair, 2016; Hair, 2011). Secondly, it is hugely acknowledged in academic research (Hair, 2013). Thirdly, it is the most

significant for testing more than one theory (Hair , 2016; Hair, 2011). Fourthly, SEM- PLS has the ability to even evaluate models, contains less than two-item scales, compared to AMOS and LISERAL methods, which are harder to assess models with few items (Hair, Hult, Ringle & Sarstedt, 2016).

The current study used Smart PLS software to test the inter-relationships between independent dependent and dependent constructs. The main purpose of applying SEM is to know the consistency of data collection with a hypothesized and theoretical model (Lei, 2007). The study has numerous association effects, like direct and indirect effects with moderation. In this case, the study used PLS to measure the validity and reliability by testing the structural model (Hair, 2017). Finally, the current study applied the recommendation of Henseler, (2009) to use the PLS-SEM path analysis.

**Figure1 Research Framework**



### 3.3 Validity and reliability

The purpose of validity and reliability is to be sure that items measure exactly the construct and there is internal consistency in the measurements. According to Sekaran (2003) “validity tests how well an instrument that is developed measures the particular concept it is intended to measure”. Validity refers to what extent the instrument measures this variable exactly. Therefore, validity aims to measure the accuracy of the variable instrument.



The current questionnaire is pretested and evaluated by experts for face and content validity. Sekaran and Bougie (2016) defined pretesting as “the use of a small number of respondents to test the appropriateness of the questions and their comprehension which helps to rectify any inadequacies before administering the instrument orally or through a questionnaire to respondents, and thus reduces bias” (p 155).

The researcher presented the questionnaire individually to some academic experts in management, entrepreneurship and human resources and experts in the industry from Algeria to review the questionnaire of the study. Consequently, all of them they validated the questionnaire with very minor changes.

A pilot study on 30 SMEs conducted in this study to ensure the content validity, wording, format, clarity of questions and to test the reliability of the instruments that measure the constructs of this study. 30 respondents is a reasonable sample size recommended for pilot study from the sample size of population (Johanson & Brooks, 2010), as the size of the group commonly ranges from 25 to 100 respondent (Cooper & Schindler, 2014). Therefore, 30 questionnaires were distributed to the owners/manager of SMEs in the food and beverage sector in Algiers to test the reliability of the measurements of this study. The value of Cronbach Alpha of SME performance, innovativeness, knowledge sharing, and organizational trust pass the cutoff value of .70 establishing the constructs reliability.

**IV. Result and findings**

**4.1 Demographic profile of respondents**

The following Table 4.1 provides background information pertaining to the respondents who participated in this research. As the owners/managers of SMEs, the respondents were asked to give information regarding their gender, age, marital status, education level, experience, and position.

**Table 4.1**  
*Respondents’ demographic information*

Variables	Items	Frequency	Percent
Gender	Male	188	90.95%
	Female	17	9.04%
Total		205	100%
Age	Less than 20	5	2.38
	21-30	62	30.95
	31-40	73	36.19
	41-50	43	20.47

	51-60	17	8.09
	More than 60	4	1.90
Total		205	100%
Marital Status	Single	60	29.04
	Married	145	70.95
Total		205	100%
Education level	High School	110	53.8
	Diploma	17	9.04
	Bachelor's Degree	49	23.33
	Master's Degree	28	13.33
	PhD	1	0.47
Total		205	100%
Experience	Less than 1	1	0.47
	1-2	30	14.28
	3-5	51	24.28
	6-10	41	19.52
	More than 10	82	41.42
Total		205	100%
Position/Job Title	Owner	64	30.47
	Manager	141	69.04
Total		205	100%

The above table 4.1 illustrates that the majority of the respondents are male represented 90.95 %, only nine percent are female, 70 % of them are married, and 36% of them are between 31 and 40 years old. The greater number of respondents have more than 10 years of experience. Slightly more than half of the respondents have a high school education level followed by almost 25 % of them had a bachelor's degree, and almost 70 % of respondents were managers.

The sample showed a masculinity society, in other words, male-dominated the sector for cultural and traditional reasons. It can be noted from table 4.1 that SMEs decision-makers focused more on experienced people who have more than 10 years experience (41%) than others in the same category, and more on people who have high school level (53.8%) than others in the same category.

#### 4.2 Individual item reliability

The individual item reliability of the model was calculated by looking into the outer loadings of each of the constructs' measures (Hair, Sarstedt, Hopkins, & Kuppelwieser, 2014; Duarte & Raposo, 2010; Hulland, 1999). As depicted in Table 4.2, all constructs' items of this study retained except the first item of innovativeness (INN1) due to low factor loading. The remaining items of the outer loading values revealed up to the threshold suggested 0.7 and their loading is between .650 and .884 that is acceptable and good (Sekaran & Bougie, 2016; Hair, Sarstedt, Hopkins & Kuppelwieser., 2014). Therefore, 23 items represented the study constructs as shown in Table 4.2.

**Table 4.2**  
*Reliability analysis*

<b>Constructs</b>	<b>Items</b>	<b>Loadings</b>
<b>Innovativeness</b>	INN2	0.835
	INN3	0.797
	INN4	0.862
	INN5	0.842
<b>Knowledge Sharing</b>	KS1	0.862
	KS2	0.858
	KS3	0.884
	KS4	0.807
<b>Organizational Trust</b>	OT1	0.650
	OT2	0.832
	OT3	0.772
	OT4	0.851
	OT5	0.842
	OT6	0.740
	OT7	0.796
	OT8	0.753
	OT9	0.738
<b>Small and Medium Enterprises</b>	SME1	0.861
	SME2	0.852
	SME3	0.769
	SME4	0.842
	SME5	0.794
	SME6	0.830

$$\text{Composite Reliability (CR)} = (\sum \text{factor loading})^2 / \{(\sum \text{factor loading})^2 + \sum (\text{variance of error})\}$$

$$\text{Average Variance Extracted (AVE)} = \sum (\text{factor loading})^2 / (\sum (\text{factor loading})^2 + \sum (\text{variance of error})\}$$

Cross Loadings is another analysis in order to achieve sufficient discriminant validity. Factor loadings should be greater than cross-loadings of the study constructs. The following Table 4.3 shows a comparison between factor and

cross loadings, and it shows discriminant validity as the indicator loadings were found sufficiently higher than the cross-loadings.

**Table 4.3**  
*Cross loadings*

	INN	KS	OT	SME
Inn2	<b>0.835</b>	0.253	0.415	0.311
inn3	<b>0.797</b>	0.441	0.531	0.560
inn4	<b>0.862</b>	0.249	0.441	0.427
inn5	<b>0.842</b>	0.304	0.452	0.445
ks1	0.271	<b>0.862</b>	0.594	0.585
ks2	0.284	<b>0.858</b>	0.475	0.490
ks3	0.295	<b>0.884</b>	0.521	0.502
ks4	0.289	<b>0.807</b>	0.428	0.447
ot1	0.346	0.392	<b>0.650</b>	0.500
ot2	0.396	0.493	<b>0.832</b>	0.590
ot3	0.462	0.421	<b>0.772</b>	0.516
ot4	0.471	0.521	<b>0.851</b>	0.647
ot5	0.456	0.492	<b>0.842</b>	0.630
ot6	0.313	0.421	<b>0.740</b>	0.488
ot7	0.429	0.484	<b>0.796</b>	0.607
ot8	0.420	0.431	<b>0.753</b>	0.609
ot9	0.395	0.480	<b>0.738</b>	0.564
sme1	0.407	0.532	0.667	<b>0.861</b>
sme2	0.438	0.499	0.643	<b>0.852</b>
sme3	0.337	0.434	0.566	<b>0.769</b>
sme4	0.416	0.466	0.630	<b>0.842</b>
sme5	0.365	0.501	0.591	<b>0.794</b>
sme6	0.367	0.510	0.568	<b>0.830</b>

The following Table 4.4 illustrates the results of this study that investigates the direct path and the moderating influence of organizational trust in the relationship between innovativeness, knowledge sharing and SMEs performance in the food and beverage industry located in Algeria.

The study hypothesized that there is a positive and significant direct relationship between innovativeness, knowledge sharing and SMEs performance. However, the rest hypotheses indicated that organizational trust

moderates the relationship between innovativeness, knowledge sharing and SMEs performance. The findings show the fourth hypotheses are supported.

Results show that innovativeness in relation to SMEs' performance as hypothesized in H1 is accepted as presented in Table 4.4. This implies that innovativeness is a good predictor of SME performance in the food and beverage industry. This finding indicates that the owners/ managers of SMEs should pay more attention to the issue and concept of innovativeness been one of the best independent variable that predicts SMEs performance. The ability of SMEs owners/managers to develop innovative thinking will guarantee their success and consequently improve their performance. Possessing the innovation qualities will give SME owners/managers a better opportunity to remain in forefront with competitors and improve their performance.

Moreover, the result shows that knowledge sharing is a good predictor of SMEs performance in the food and beverage industry. This finding indicates that the owners/managers of SMEs should focus on the issues related to knowledge sharing in which could be the best antecedent that predicts performance. Ignoring to apply the notions of knowledge sharing in a firm will automatically affect SMEs performance and it will be a deterioration to the performance. However, knowledge sharing could create a competitive advantage as it is crucial in terms of updating all the employees of the firm with the latest news in the field of food and beverage industry in order to stay always in pioneer position and step forward compared to competitors.

The moderating influence of organizational trust in the innovativeness-performance relationship as stated in the H3 is accepted. Therefore, the findings show a moderating influence in this relationship. This finding of this study is in accordance with prior studies. De Clercq, Dimov and Thongpapanl (2010) found that the innovation-firm performance relationship was positive at high levels of trust and almost non-existent at low levels.

Regarding to H4, organizational trust moderates the relationship between knowledge sharing and SMEs performance with the bootstrapping results showing a moderating influence of organizational trust in knowledge sharing-performance relationship. This result is supported by Verma and Sinha (2016) who found that trust moderated knowledge sharing and team performance relationship.

From the perspective of the moderating effect, the result indicates that organizational trust is able to enhance the relationship between innovativeness and SMEs performance by enhancing the innovative

behavior in an organization as it reduces the levels of internal control and makes the organizational structure less rigid. Organizational trust can smoothen the sharing of information within the firm and motivate managers to take innovative actions to improve the SMEs performance. Moreover, organizational trust facilitates sharing knowledge within the SMEs without any fear of exchanging confidential information because it reduces the perceived risk of opportunism and facing threaten consequences.

**Table 4.4**  
*Hypotheses testing*

<b>Hypotheses</b>	<b>Relationship</b>	<b>Decision</b>
<b>H1</b>	There is a positive relationship between innovation and SMEs performance.	<b>Accepted</b>
<b>H2</b>	There is a positive relationship between knowledge sharing and SMEs performance.	<b>Accepted</b>
<b>H3</b>	Organizational trust moderates the relationship between innovation and SMEs performance.	<b>Accepted</b>
<b>H4</b>	Organizational trust moderates the relationship between knowledge sharing and SMEs performance.	<b>Accepted</b>

**V. Conclusion**

The study empirically examined the direct relationships between the antecedents and performance, and the moderating influence of organizational trust in the relationship between innovativeness, knowledge sharing and SMEs performance in the food and beverage industry. The results reveal that there is a positive and significant relationship between innovativeness, knowledge sharing and SMEs performance. In addition, the findings illustrate that organizational trust moderates the relationship between innovativeness, knowledge sharing and SMEs performance.

The study concludes that organizational trust is an essential element in sharing knowledge and innovativeness within firm. The organizational trust enables all employees to share crucial and updated information and knowledge and to promote the spirit of innovation within a firm to enhance its performance.

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