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High Performance Work Systems and Innovation Performance Through Knowledge Sharing and Organizational Learning Culture

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أنظمة العمل عالية الأداء وأداء الابتكار من خلال تبادل المعرفة وثقافة التعلم التنظيمي

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الملخّص

على الرغم من مكانة أنظمة العمل عالية الأداء كإحدى الممارسات الاستراتيجية لإدارة الموارد البشرية في مجال الابتكار، إلا أن الآلية التي تؤثر بها هذه الأنظمة على أداء الابتكار في الدول النامية والدول التي عانت من عدم الاستقرار لا تزال غير معروفة إلى حد كبير.

في هذه الدراسة، بحثنا في كيفية تأثير أنظمة العمل عالية الأداء على أداء الابتكار في الشركات والمؤسسات الليبية من خلال تحليل الدور الهام المتمثل في مشاركة المعرفة والدور المحوري لثقافة التعلم التنظيمي.

ولتحقيق ذلك، تم إجراء دراسة استقصائية كمية شملت 312 موظفًا يمثلون عدد من شركات ومؤسسات من قطاعات الصناعة والاتصالات والمصارف والقطاع العام. وتم التحقق من صحة النموذج الحالي تجريبيًا.

حيث أظهرت النتائج أن لأنظمة العمل عالية الأداء تأثيرًا إيجابيًا على أداء الابتكار ومشاركة المعرفة. كما أن لمشاركة المعرفة تأثيرًا إيجابيًا على أداء الابتكار، وتُساهم جزئيًا في العلاقة بين أنظمة العمل عالية الأداء وأداء الابتكار من خلال ثقافة التعلم التنظيمي. ومن المهم ملاحظة أن أنظمة العمل عالية الأداء تُحسّن أداء الابتكار من خلال توفير القدرات القائمة على المعرفة وبيئة التعلم التنظيمي.

الكلمات المفتاحية: أنظمة العمل عالية الأداء؛ أداء الابتكار؛ مشاركة المعرفة؛ ثقافة التعلم التنظيمي الاقتصادات الناشئة .

Abstract

This study examines the effectiveness of environmental disclosure controls at the Iron and Steel Despite High-Performance Work Systems' (HPWS) status as a strategic HR practice for innovation, the mechanism by which they influence innovation performance in developing and war-torn nations remains largely unknown. In this study, we looked at how HPWS affected innovation performance in Libyan companies by analysing the mediating function of knowledge sharing and the moderating function of organizational learning culture. To do this, we conducted a quantitative survey study among 312 employees representing libyan firms from manufacturing, telecommunications, banking, and public sector. Present model was empirically validated using PLS-SEM. Our results show that HPWS had a positive effect on innovation performance (β = 0.28, $p < 0.001$) and knowledge sharing (β = 0.46, $p < 0.001$). Knowledge sharing had a positive effect on innovation performance (β = 0.32, $p < 0.001$), and partially mediated the relationship between HPWS and innovation performance (β = 0.15, $p < 0.001$; VAF = 34.9%). HPWS-Innovation Performance Relationship is Improved via Organizational Learning Culture (β = 0.18, $p < 0.001$). It is important to note from the research that HPWS improve innovation performance by providing knowledge-based capability and organizational learning environment.

Keywords: High-performance work systems; Innovation performance; Knowledge sharing; Organizational learning culture; PLS-SEM; Emerging economies.

1. Introduction

In the era of technological changes, international competition, and uncertainties, innovation is becoming a key factor for the survival and success of organizations. Those organizations which are capable of innovating their products, processes, and services will be in a better position to sustain their growth (Barney, 1991). The problem is particularly pertinent to those countries which are in transition and developing nations.

It is evident that there is a unique environment in terms of innovation due to the circumstances prevailing in Libya. In post-revolutionary times and after suffering from years of instability, Libya has been facing problems ranging from economic disruption and institutional fragmentation to personnel management problems in public and private sector organizations. Libya's economy is very much based on oil and gas, whereas the problems faced by public sector organizations include inefficiency and over-staffing. On the other hand, private sector organizations are facing difficulty in recruiting skilled workers (Hunaiti et al., 2009; Suwayd et al., 2024).

Integrated packages of human resource practices called High-Performance Work Systems (HPWS) which aim at improving the capabilities of the employees in terms of their skills, motivation, and chances can be regarded as one of the important ways of stimulating innovation (Huselid, 1995; Delery & Doty, 1996). Examples of such systems are selective hiring, training, reward systems based on performance, empowerment and participative decision making. In accordance with AMO theory, these practices increase the capabilities of employees due to skill development, motivate employees using incentives, and provide opportunities for employees' innovation (Amoozegar et al., 2025).

While there is ample evidence that HPWS can influence innovation performance, little is known about how and when such a connection comes about, especially in non-Western and conflict settings (Fu et al., 2015; Mehralian et al., 2023). Knowledge sharing involves exchanging information and ideas within organizations and can be considered as a way in which HPWS contribute to innovation (Bhatti et al., 2021). This process involves communication and cooperation, both of which are facilitated by HPWS (Hooff & De Ridder, 2004).

Additionally, the learning culture in organizations could enhance the performance of HPWS because it could provide an enabling environment for experimenting, improving, and applying knowledge. The organizations that have strong learning cultures are more likely to turn employee knowledge and HR skills into innovations (Mehralian et al., 2023). Nevertheless, not much has been done to investigate the moderating effect of learning cultures in developing countries like Libya (Shagroun et al., 2026).

The aim of this study is to bridge the research gap related to the influence of HPWS on innovation performance within Libyan organizations. Knowledge sharing will be considered as a mediator, and organizational learning culture will act as a moderator. To clarify, the influence of HPWS on innovation performance, the role of knowledge sharing as a mediator, and the influence of organizational learning culture as a moderator will be assessed in this study.

There are theoretical and practical benefits to this research. From a theoretical standpoint, this study contributes to the existing literature on HPWS by extending the scope of this field's research beyond Western nations and providing practical implications for developing economies that have experienced conflict. Understanding how HRM systems lead to innovation via employee behavior and organizational capabilities is achieved by integrating the AMO model, Social Exchange Theory, and learning organization theory (Blau, 1964; Delery & Doty, 1996; Fu et al., 2015).

2. Review of Literature and hypothesis development

The Ability-Motivation-Opportunity (AMO) model, the Social Exchange Theory, and the Organizational Learning Theory form the basis of the current investigation. Workers' output is impacted by their capacity, inspiration, and exposure to opportunities, as stated by the AMO

theory (Harrell-Cook, 2001; Huselid, 1995; Delery & Doty, 1996). HPWS enhance the ability of workers by recruiting them, selecting and training them. It enhances their motivation through rewarding them, recognizing them and giving them career development opportunities (Huselid, 1995; Delery & Doty, 1996).

The Social Exchange Theory describes the link between employees and organizations (Blau, 1964). Organizational investments in their employees lead to positive reactions on behalf of employees. Using HPWS, employees can become committed, share their knowledge and innovate. Scientific literature proves that HPWS promote innovation through the creation of better experiences for employees and through their improved knowledge-sharing behaviours (Arshad et al., 2024; Bhatti et al., 2021).

Knowledge creation, sharing, and utilization is emphasized by Organizational Learning Theory. Learning-oriented organizations motivate members to experiment and improve continuously. This facilitates innovation as people become more receptive to new ideas (Mehralian et al., 2023).

This hypothesis may be formulated theoretically as follows:

$IP = f\ (HPWS, KS, OLC)$

where innovation performance (IP) is influenced by HPWS, knowledge sharing (KS), and organizational learning culture (OLC).

2.1 HPWS and Innovation Performance

Innovation performance implies the capacity of organizations to design and implement innovations related to products, services, practices, and processes. The positive effects of HPWS on innovation performance arise through improved employee skills, motivation, and participation. This way, organizations can create human and organizational capabilities (Barney, 1991; Huselid, 1995; Shafter & Ghnaem, 2016).

Earlier research indicates that HPWS promote innovation performance via knowledge and capability building among employees (Javed et al., 2023; Mehralian et al., 2023). In addition, HPWS foster innovation because they provide supportive environment for generating ideas (Bhattacharjee & Sarkar, 2023; Fu et al., 2015).

The mentioned relationship becomes even more important when organizations operate in the context of developing economies due to resource constraints and environmental uncertainty (Fu et al., 2015; Shafter & Ruth, 2020).

Therefore:

H1: HPWS positively influence innovation performance in Libyan organizations.

2.2 HPWS and Knowledge Sharing

Knowledge sharing is an essential process within organizational learning and innovation (Hooff & De Ridder, 2004). HPWS promote knowledge sharing in multiple ways. Training enhances the skills of employees to share knowledge. The reward system encourages employees to generate ideas. Collaboration and participation offer chances to interact (Bhatti et al., 2021; Shafter, 2021).

Social Exchange Theory indicates that employees return favors from organizations (Blau, 1964). If employees feel appreciated, they become more open to sharing their knowledge. Several studies show that HPWS lead to successful innovation results via knowledge sharing processes (Bhatti et al., 2021; Siddiqui et al., 2024).

$KS = \beta_0 + \beta_1\ (HPWS) + \varepsilon$

Therefore:

H2: HPWS positively influence knowledge sharing in Libyan organizations.

2.4 Knowledge Sharing and Innovation Performance

Knowledge sharing is crucial for innovation (Hooff & De Ridder, 2004). Novel ideas are generated through combining various sources of knowledge. Information sharing helps employees address problems and find innovative solutions.

Knowledge sharing is also helpful in organizational learning. It facilitates the transfer of valuable knowledge between different departments within the organization. As has been confirmed by the recent research, knowledge sharing increases innovation through enhancing creativity and knowledge integration (Liu et al., 2023; Siddiqui et al., 2024; Shafter, 2021).
Mediation is illustrated below:
HPWS → KS → IP
In such an institutionally challenging country as Libya, where access to external sources of knowledge can be limited, internal knowledge sharing becomes vital for innovation capability building (Suwayd et al., 2024; Shafter & Ruth, 2020; Shafter, 2018).
Thus:
H3: Knowledge sharing positively influences innovation performance in Libyan organizations.

2.5 Organizational Learning Culture and Innovation Performance

Organizations that embrace the learning culture create psychological safety for their employees. In such situations, employees feel more comfortable when proposing new ideas. Employees are also motivated to share information and take part in innovation activities.
According to recent research, learning culture positively moderates the link between HR practices and innovation by facilitating knowledge utilization and organizational adaptability (Miao et al., 2023; Mehralian et al., 2023).
Moderation model:
$IP = \beta_0 + \beta_1 (HPWS) + \beta_2 (OLC) + \beta_3 (HPWS \times OLC) + \varepsilon$
where IP represents innovation performance and OLC represents organizational learning culture.
Therefore:
H4: Organizational learning culture positively influences innovation performance in Libyan organizations.

2.6 Organizational Learning Culture as a Moderator and Knowledge Sharing as a Mediating Factor

The proposed study states that knowledge sharing acts as a mediator between HPWS and innovation performance. HPWS improve the knowledge exchange capacity of the employees due to training, rewards, and participation (Harrell-Cook, 2001; Huselid, 1995). The employees who feel that the organization is supporting them will respond in a way of knowledge sharing as per the Social Exchange Theory (Blau, 1964). Knowledge sharing helps the process of innovation due to its role in knowledge integration, creativity, and idea generation (Bhatti et al., 2021; Siddiqui et al., 2024).
The learning culture in organizations is considered as the moderator variable. It means that the stronger the learning culture, the more impact of HPWS due to experimentation, knowledge sharing, and improvements. In contrast, the weaker the learning culture in the organization, the lower the effectiveness of innovation performance even when HPWS are implemented (Mehralian et al., 2023; Shagroun et al., 2026).
H5: Knowledge sharing mediates the relationship between HPWS and innovation performance.
H6: The association between HPWS and innovation performance is moderated by organizational learning culture.

2.7 Conceptual framework

The current research offers certain hypotheses along with a theoretical framework to demonstrate how HPWS affects innovation performance in two ways: direct and indirect via knowledge sharing. It is expected that this correlation will be enhanced by organizational culture that encourages learning. In order to highlight the role of knowledge management processes and HRM in Libya in generating innovation results, the proposed theoretical framework combines the AMO model with Social Exchange Theory and Organizational

Learning Theory (Blau, 1964; Delery & Doty, 1996; Mehralian et al., 2023; Shafter, 2021; Shafter & Ruth, 2020). The suggested theoretical framework is illustrated in Figure 1.

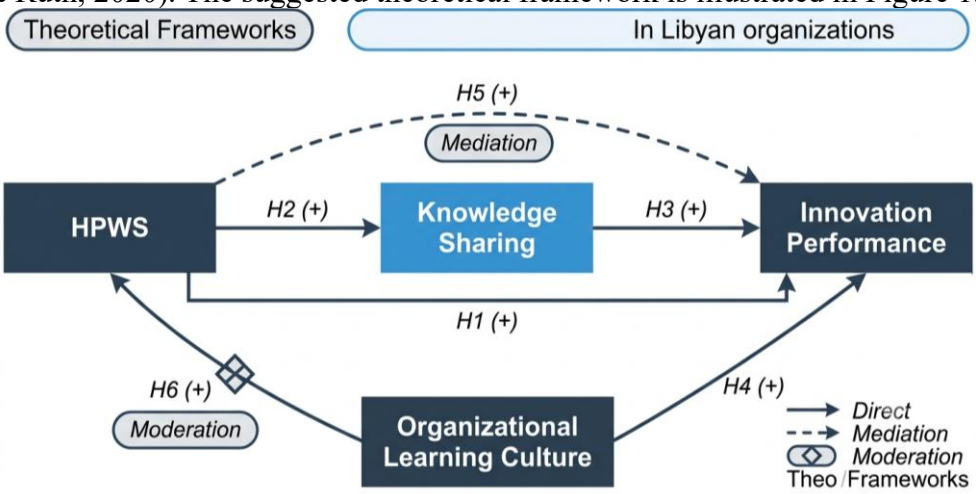

Figure 1: Conceptual diagram of current research work

3. Methodology

3.1 Study design

Examining a relationship between HPWS, knowledge sharing, organizational learning culture, and innovation performance in Libyan organizations was the focus of the present study, which used a quantitative cross-sectional survey design. For the purpose of testing the hypotheses and examining the mediating and moderating effects of the variables in the current research design, the research design that was chosen was considered appropriate. However, it may be difficult to confirm causal relationships due to the research's cross-sectional design.

3.2 Population and Sample

Employees working for Libyan organizations working in significant sectors such as the oil and gas, telecommunications, construction, and manufacturing sectors constituted the participants of the study. This was because these sectors are economically significant and relevant to the organizational studies carried out in Libya. In the process of data collection, a stratified random sampling method was used. Sampling was done by developing a sampling frame from the directories of organizations as well as from personal contacts of professionals in organizations. Based on SEM guidelines, 10 samples per measurement item should be taken at least (Hair et al., 2017). Since there are 26 items, the minimum required sample size would be 260. Four hundred and fifty questionnaires were distributed, resulting into 312 usable data.

3.3 Measurement Instruments

High-Performance Work Systems: A 10-item scale that incorporates concepts such as performance-based compensation, information sharing, employee empowerment, participatory decision-making, thorough training, and selective recruitment was developed from Huselid (1995) and Delery and Doty (1996).

Knowledge Sharing:). Results are based on a six-item scale that was created by van den Hooff and de Ridder (2004). This scale measures two things: the ability to give other people knowledge and the ability to seek out other people's knowledge.

Organizational Learning Culture: Measured using a 5-item scale adapted from Watkins and Marsick (1997), assessing the extent to which the organization values learning, encourages experimentation, tolerates failure, and supports continuous improvement.

Innovation Performance: Using a 5-item scale modified from Jiménez-Jiménez and Sanz-Valle (2011), this measure evaluates the creation and execution of new practices, procedures, materials, and services.

Each item was evaluated using a 5-point Likert scale, where 1 signifies a strong disagreement and 5 a strong agreement. In order to ensure equivalence, the questionnaire was first translated into Arabic from English using a back-translation method.

3.4 Data collection

The data collection took place between January to May 2025. The questionnaires were sent through personal contacts, emails, and professional circles. All respondents were made aware of the objectives of the research and how it was to be completed.

3.5 Data Analysis

The data analysis was carried out in SPSS 26 and SmartPLS 4. PLS-SEM was utilized because this method can handle the complexities of having mediating and moderating relationships in the model and because PLS-SEM is appropriate for predictive studies (Hair et al., 2017). Two analyses were conducted: measurement model evaluation and structural model evaluation. These involved assessing reliability, validity, hypothesis testing, mediating effects, and moderating effects. Bootstrapping with 5,000 resamples was utilized to test mediating effect, whereas moderation was tested using the product indicator approach.

4. Results

4.1 Socio-Demographic Characteristics of Respondents

Table 1 delineates the demographic attributes of the sample. The sample consisted of 312 respondents, with 61.5% identifying as male and 38.5% as female. The predominant age group among respondents was 31-40 years, comprising 42.3%, followed by 27.6% in the 41–50-year range. Regarding educational qualifications, 47.1% possessed a bachelor's degree, 30.4% possessed a master's degree, and 11.2% possessed a doctoral degree. The mean organizational tenure was 8.4 years, with 33.7% possessing 6-10 years of experience. Sector representation comprised oil and gas (37.8%), telecommunications (22.1%), construction (20.2%), and manufacturing (19.9%). Managerial roles comprised 31.4% of participants, whereas non-managerial employees constituted 68.6%.

Table 1: Respondent Demographic Profile

Demographic Variable	Category	Frequency	Percentage
Gender	Male	192	61.5%
	Female	120	38.5%
Age	20-30 years	56	17.9%
	31-40 years	132	42.3%
	41-50 years	86	27.6%
	Over 50 years	38	12.2%
Education	Diploma	35	11.2%
	Bachelor's	147	47.1%
	Master's	95	30.4%
	Doctorate	35	11.2%
Organizational Tenure	≤ 3 years	41	13.1%
	3 to 5 years	72	23.1%
	6 to 10 years	105	33.7%
	≥ 10 years	94	30.1%
Sector	Oil and Gas	118	37.8%
	Telecommunications	69	22.1%
	Construction	63	20.2%
	Manufacturing	62	19.9%
Position	Managerial	98	31.4%
	Non-managerial	214	68.6%

The demographic profile reflects the characteristics of the Libyan workforce in the sectors examined. The dominance of the oil and gas sector is consistent with its position as the primary economic driver in Libya. The relatively high educational attainment reflects the sample's focus

on professional and managerial employees, while the gender distribution reflects broader labour market patterns in Libya.

4.2 Common Method Bias

Due to the cross-sectional design and reliance on single-source data, common method bias was evaluated through Harman's single-factor test. The exploratory factor analysis indicated that the first factor represented 26.8% of the total variance, falling short of the 50% threshold, implying that common method bias was not a substantial issue (Podsakoff et al., 2003).

4.3 Measurement Model Assessment

Verifying the validity and reliability of the HPWS concept is an essential first step in testing the measurement model. The measurement model of HPWS is shown in Figure 2, along with the factor loadings and indicator weights that contribute to the concept.

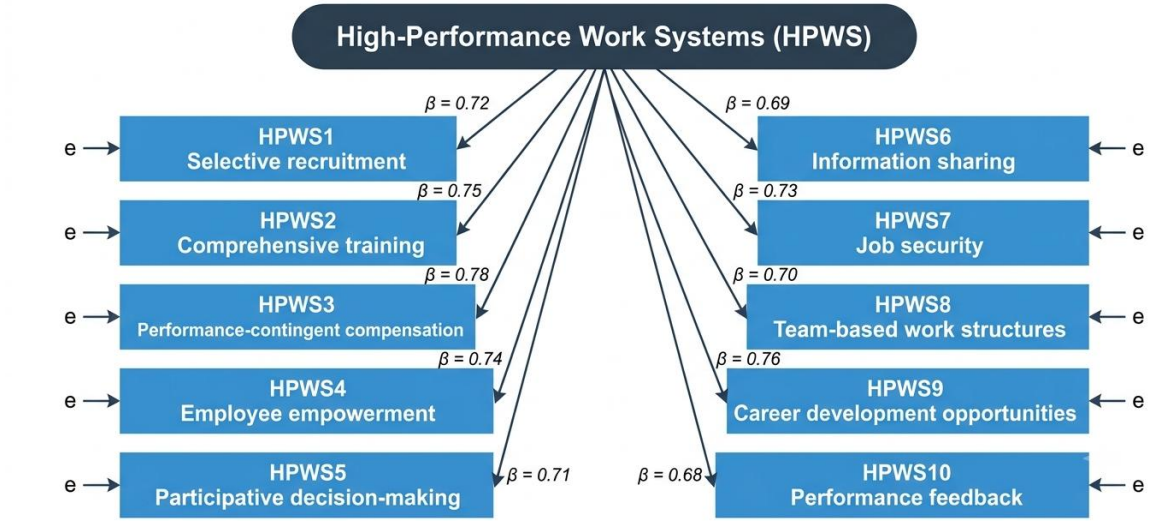

Figure 2: Measurement Model of HPWS

Having validated the HPWS measurement properties, it was necessary to assess the full measurement model. Figure 3 shows the interrelationships between HPWS, knowledge sharing, organizational learning culture, and innovation performance.

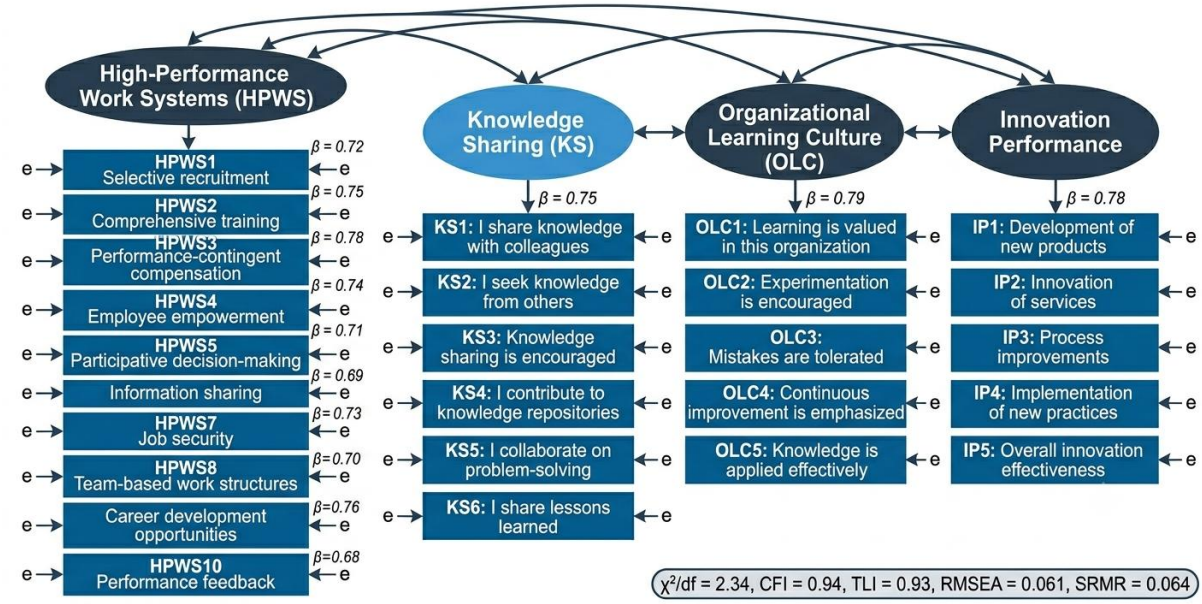

Figure 3: Complete Measurement Model for All Study Constructs

Reliability, convergent validity, and discriminant validity were tested in the measurement model. The Cronbach's alpha scores which ranged between 0.83 and 0.88 showed that all constructs exhibited internal consistency. The reliability levels were better than the required

level of 0.70. The composite reliability results were also better than the cut off value of 0.70, which ranged between 0.87 and 0.91.

Table 2: Measurement model assessment

Construct	Items	Cronbach's α	Composite Reliability	AVE
HPWS	10	0.88	0.91	0.57
Knowledge Sharing	6	0.85	0.88	0.56
Organizational Learning Culture	5	0.83	0.87	0.54
Innovation Performance	5	0.84	0.88	0.55

Note: All factor loadings > 0.60 and significant at p < 0.001. AVE = Average Variance Extracted.

The average variance extracted (AVE) was applied to measure the convergent validity. Values of AVE between 0.54 and 0.57 were observed for all the constructs beyond the 0.50 level, implying that the items were good measures of the constructs. All the items had factor loadings that were beyond 0.60, with a significance value of less than 0.001.

To ensure discriminant validity, the Fornell-Larcker criterion and the heterotrait-monotrait (HTMT) ratio were used. The Fornell-Larcker criterion was satisfied because the square roots of the AVE for all constructs were greater than their inter-correlations. Less than the cutoff value of 0.85, HTMT ratios ranged from 0.58 to 0.72.

4.4 Structural Model Assessment

Evaluation of the structural model involved collinearity, explanatory power, and predictive relevance tests. All the VIFs were less than 3.0, suggesting that there were no multicollinearity problems in the model. Innovation performance had an explanatory power of 52% ($R^2 = 0.52$) while knowledge sharing explained 39% ($R^2 = 0.39$) of the variance in the model. The values of the Q^2 for all the endogenous constructs were positive (0.28–0.36), showing the model has good predictive relevance. We used SRMR to find the confirmatory fit, and the result was 0.064, which is lower than the recommended 0.08 level. To validate the hypothesized relationships, the structural model was tested after the measurement model was validated. The standardized path coefficients and other structural model outputs are displayed in Figure 4.

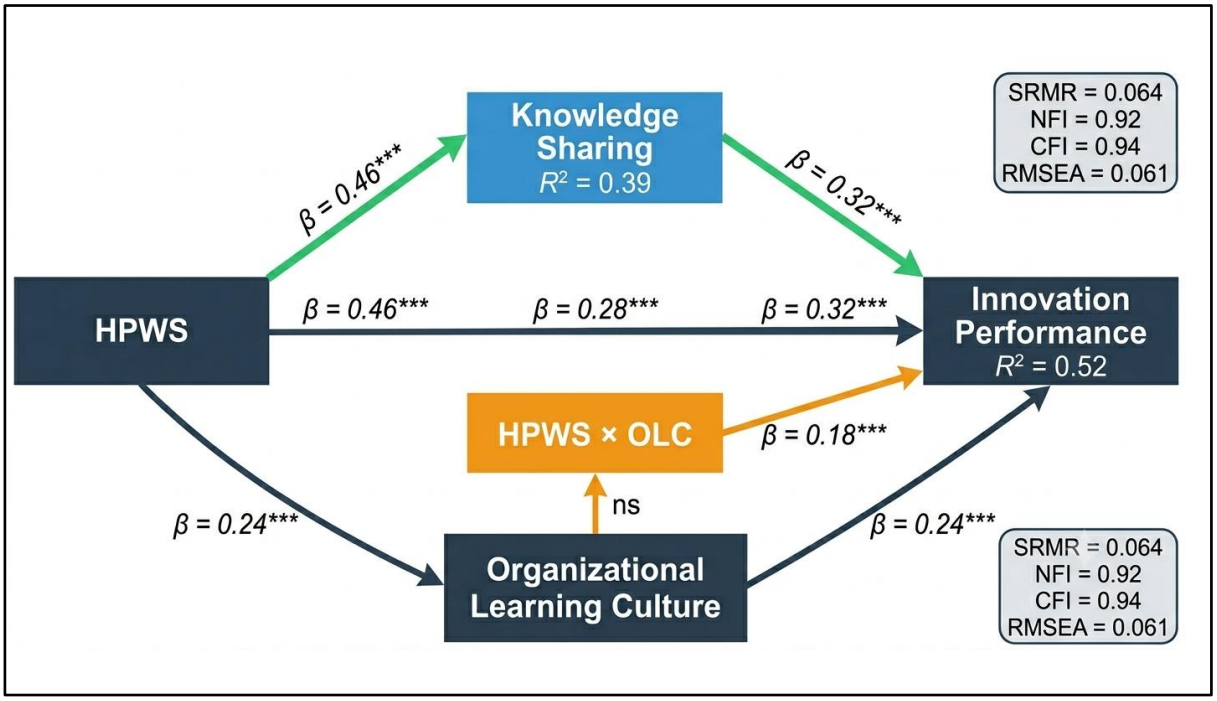

Figure 4: Estimated structural model with path relationships and statistical significance

4.5 Hypothesis Testing

Table 3: Hypothesis Testing Results

Hypothesis	Relationship	β	t-value	p-value	Decision
H1	HPWS → Innovation Performance	0.28	4.56	<0.001	Supported
H2	HPWS → Knowledge Sharing	0.46	7.82	<0.001	Supported
H3	Knowledge Sharing → Innovation Performance	0.32	5.14	<0.001	Supported
H4	Organizational Learning Culture → Innovation Performance	0.24	3.98	<0.001	Supported

Table 3 presents the results of hypothesis testing. The findings provide support for all six hypotheses.

The hypothesis **H1** suggested that HPWS influences innovation performance positively. According to the results, there is a significant positive impact ($\beta = 0.28$, $t = 4.56$, $p < 0.001$). Therefore, **H1** is proved to be correct; hence, HPWS impacts on innovation performance positively.

H2 suggested that HPWS influences knowledge sharing positively. The findings suggest a significant positive relation ($\beta = 0.46$, $t = 7.82$, $p < 0.001$). It means that HPWS fosters the process of knowledge exchange between employees.

H3 suggested that knowledge sharing influences innovation performance positively. The results showed that there is a significant positive impact ($\beta = 0.32$, $t = 5.14$, $p < 0.001$). Thus, H3 is true, which means that knowledge sharing impacts on innovation performance positively.

H4 suggested that organizational learning culture influences innovation performance positively. The results prove this hypothesis since there is a significant relation ($\beta = 0.24$, $t = 3.98$, $p < 0.001$).

4.6 Mediation Analysis

Table 4: Mediation Analysis Results

Hypothesis	Indirect Effect	β	t-value	p-value	95% CI	VAF	Decision
H5	HPWS → KS → IP	0.15	4.12	<0.001	[0.08, 0.22]	34.9%	Supported (Partial)

Note: KS = Knowledge Sharing; IP = Innovation Performance; VAF = Variance Accounted For; CI = Confidence Interval.

Table 4 presents the results of the mediation analysis. To test the mediating effect of knowledge sharing, the bootstrapping procedure with 5,000 resamples was employed.

Hypothesis 5 postulates that information exchange acts as a go-between for HPWS and innovation output. The knowledge sharing aspect of HPWS had a significant indirect effect on innovation performance ($\beta = 0.15$, $t = 4.12$, $p < 0.001$, 95% CI [0.08, 0.22]). Partial mediation was indicated by a variance accounted for (VAF) of 34.9%. So, H5 was proven correct. The indirect impact is statistically significant ($\beta = 0.15$, $p < 0.001$). Furthermore, there is a significant overall impact of HPWS on innovation performance ($\beta = 0.43$, $t = 7.12$, $p < 0.001$). The outcome remains significant even after accounting for the mediating role of knowledge sharing ($\beta = 0.28$, $p < 0.001$). As a result, the connection between HPWS and innovation performance is partially mediated by knowledge sharing.

4.7 Moderation Analysis

Figure 5 shows the moderating effect of organizational learning culture. It can be seen from the findings that HPWS has more positive impact on innovation performance if there is high organizational learning culture. It suggests that if there is learning environment, then HPWS has more positive effect on innovation.

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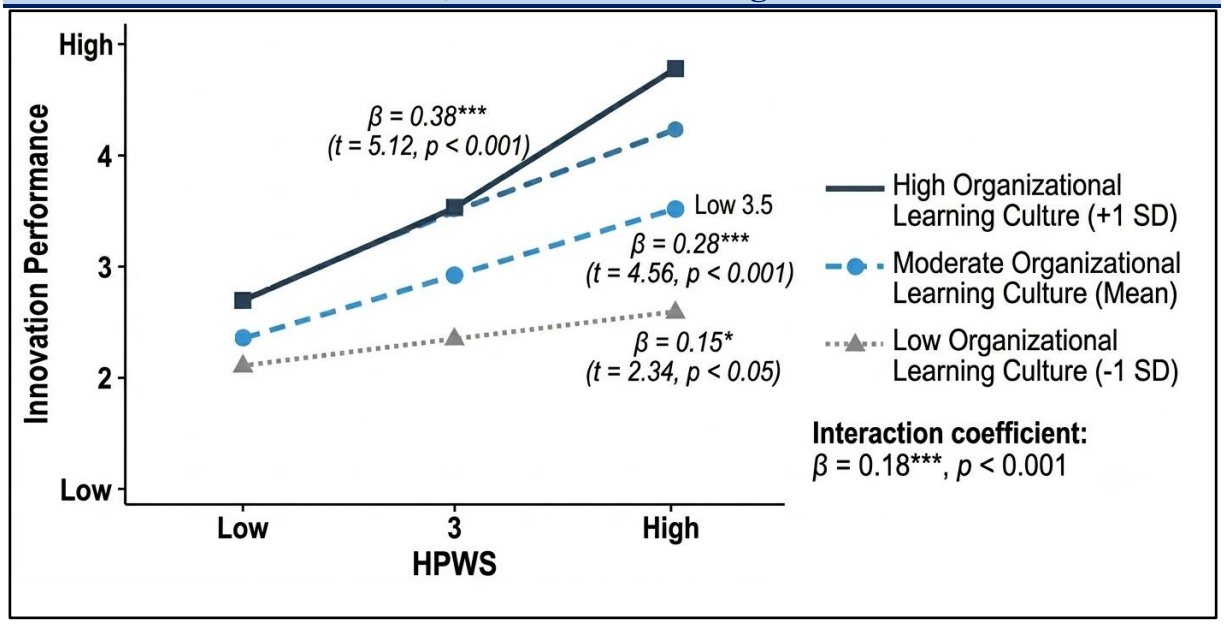

Figure 5: Organizational learning culture as a moderator of the HPWS-innovation performance relationship

Table 5: Moderation analysis results

Hypothesis	Moderating Effect	β	t-value	p-value	95% CI	Decision
H6	HPWS × OLC → IP	0.18	3.45	<0.001	[0.09, 0.27]	Supported

Note: OLC = Organizational Learning Culture; IP = Innovation Performance; CI = Confidence Interval.

The results of the moderation analysis are given in Table 5 below. The interaction term between HPWS and learning culture in the organization showed a statistically significant influence on the research variable (β = 0.18; t = 3.45; p < 0.001). Thus, the sixth hypothesis is confirmed. It shows that learning culture affects the relationship between HPWS and innovation performance. This means that a more learning-oriented culture will help an organization obtain better results from implementing HPWS practices.

A simple slopes analysis was conducted to further investigate the interaction. According to the results, a strong positive correlation between HPWS and innovation performance is found in situations where the organizational learning culture is high (β = 0.38, t = 5.12, p < 0.001) or medium (β = 0.28, t = 4.56, p < 0.001), but in cases where the organizational learning culture is low, the positive correlation becomes weaker (β = 0.15, t = 2.34, p < 0.05).

5. Discussion

The results show that HPWS considerably affect innovation performance in Libyan organizations, lending empirical support to the suggested framework. The results further show that knowledge sharing partially mediates this relationship, while organizational learning culture strengthens the impact of HPWS on innovation outcomes. These findings contribute to HPWS research by explaining the mechanisms through which strategic HR practices enhance innovation in a developing and institutionally challenging context.

5.1 HPWS and innovation performance

The positive association between HPWS and innovation performance (H1) is in line with previous findings regarding the role of strategic HR systems in innovation through the development of human capital, motivational factors, and organization capability development. In particular, the coefficient (β = 0.28) implies that HPWS are important drivers of innovation through increasing employee skills, participation, and creative behavior. This result is also in line with the literature on developing countries, where HPWS increase organizational flexibility and innovativeness in uncertain environments.

In the case of Libya, HPWS seem especially valuable in view of the presence of technological innovations, employee problems, and institutional challenges. Through applying structured recruitment, training, empowerment, and incentives practices, organizations will be able to create necessary capabilities needed for innovativeness. However, the partial effect means that HPWS impact innovativeness through various mechanisms, not only through HR practices.

5.2 Knowledge sharing as a mediating mechanism

The results provide support for the hypothesis that knowledge sharing mediates the association between HPWS and innovation performance (H5). This mediation effect (VAF = 34.9%) signifies that knowledge sharing is a critical but not an exclusive mediating mechanism through which HPWS create innovation results.

This finding provides further support for the AMO approach since HPWS increase employees' ability, motivation, and opportunity to share their knowledge. This study supports Social Exchange Theory as well, as employees perceive organizations' investment and tend to return the favor by sharing their knowledge and cooperating. By knowledge sharing, employees are able to integrate different sources of knowledge and create innovations.

The partial mediation implies that there can be some other mediating mechanisms, such as creativity of employees, organizational learning, and psychological empowerment, explaining the link between HPWS and innovations. In the Libyan setting, when access to external knowledge might be constrained, internal knowledge sharing becomes extremely important for innovation development.

5.3 Organizational learning culture as a moderating variable

Moderating role of organizational learning culture (H6) brings about the significance of organizational setting in realizing the effects of HPWS on innovation results. The results reveal that there is an amplified advantage of innovation when there is a learning culture in organizations.

Learning culture facilitates experiments, knowledge sharing, and continuous improvements. It offers employees the necessary confidence and capabilities to put into practice the skills acquired through the use of HPWS. On the other hand, weak learning cultures might weaken the impact of HR investments due to the lack of motivation among the employees to innovate.

This research result is quite applicable in the Libyan setting since the institutional uncertainties and scarcity of resources limit organizational learning.

5.4 Theoretical and Conceptual Contributions

The present paper adds value to HPWS literature by bringing together direct, mediating, and moderating mechanisms into one analytical framework. Whereas previous research focused primarily on the direct effect of HPWS on innovation, this study reveals the role of knowledge management and organizational culture in explaining the effect of HPWS on innovation.

The current research findings also confirm the applicability of AMO model and Social Exchange Theory in the Libyan setting. Despite tough environment, employees react positively to developmental efforts from organizations, which proves that the principles of HPWS can still work effectively in varying institutional settings.

The study is valuable for research related to development and transitional economies since it shows how innovation can be achieved via internal capabilities of organizations regardless of external factors.

5.5 Practical implications and boundary conditions

It can be seen from the results that Libyan organizations must not limit themselves to the implementation of HPWS and instead create the conditions for effective knowledge exchange and learning among employees. The HR managers must improve training programs, participation, and reward structures encouraging employee input.

At the same time, the effectiveness of HPWS is subject to some conditionalities which include specific features of the organizational environment, leadership approach, culture and sector. It

might be necessary for public organizations to conduct organizational changes in order to remove the bureaucratic barriers. On the other hand, private companies should develop strategies of talents' development in order to increase innovativeness.

6. Implications

6.1 Theoretical Implications

This paper contributes to the body of literature on HPWSs by exploring knowledge sharing as a mediating mechanism and organizational learning culture as a boundary condition. Results from this study show that the linkage between HPWSs and innovation is grounded in knowledge-related mechanisms; therefore, the mechanism's generalizability in various organizational contexts is established.

Also, this study reinforces the applicability of the AMO framework and Social Exchange Theory in the Libyan context as employees respond to the organization's HPWS investments with knowledge sharing and innovation.

Finally, results from this paper add value to the organizational learning literature because the importance of organizational learning culture for improving HPWS effectiveness is highlighted. This finding emphasizes that innovations are achieved not only by HR practices but by organizational culture that allows for learning and knowledge application.

6.2 Managerial Implications

The results have implications for HRM and organizational leadership in Libya. First, organizations need to adopt effective HPWS by improving the aspects of recruitment, training, performance-based reward systems, empowerment, participation in decision making, and information dissemination. This way, they will improve the abilities of their workers and innovation output.

Secondly, organizations must encourage knowledge sharing through collaboration, adoption of knowledge management systems, and rewarding employees for their contributions and exchanges of knowledge. As knowledge sharing is a mediator between HPWS and innovation, it can be a channel through which the investment in human resource will yield innovations.

Thirdly, managers should foster an organizational learning environment by allowing employees to experiment and improve continuously without fear.

Finally, HPWS should be tailored in line with the characteristics of organizations operating in Libya. For public organizations, issues related to bureaucracy and performance incentives should be considered, whereas for private organizations, focus should be placed on talent development and innovation capabilities.

6.3 Policy Implications and Limitations of the study

Furthermore, the results have policy implications in Libya. First, human capital development and investment are crucial in order to create innovation and transform the economy. It is suggested that policymakers should invest in education and training systems to develop necessary skills and competencies for innovation.

Second, the policy environment should encourage HPWS adoption. This includes policies on labour market that combine flexibility with security, training and development policies, as well as policies facilitating talent mobility.

Third, policymakers should encourage the creation of learning culture in Libyan organizations. This means that there should be capacity building programs and programs promoting organizational development in addition to supporting organizations' investment into learning and innovation.

Limitations of the study include the use of cross-sectional design, which does not allow to make any causal conclusions, and self-reporting of data, which may result in bias. Furthermore, sector-based sampling may affect generalization of the results. Further research should consider other factors such as leadership, digital human resources practices, and employee creativity.

7. Conclusion, Limitations and Future Research

The purpose of this study is to examine how High-Performance Work Systems (HPWS) in Libyan businesses relate to their capacity to innovate. Knowledge sharing and organizational learning culture are the main foci of this research. The findings demonstrate that HPWS has a beneficial effect on innovation efficiency. The beneficial impact of HPWS on innovation performance is amplified by an organizational learning culture, and knowledge sharing plays a mediating role in this effect.

The research adds to the literature on HPWS using AMO framework, Social Exchange Theory, and organizational learning theory in an institutional environment. The main conclusion is that HR practices can promote innovation performance through enhancing skills, motivation, and knowledge sharing among employees.

From a practical point of view, organizations need to create HR practices that will foster learning and collaboration.

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