Investigating the Mediating Effect of Absorptive Capacity on the Relationship between Strategic Learning and Strategic Flexibility

(Hikma Pharmaceutical Company: A Case Study)

دراسة الأثر الوسيط للقدرة الاستيعابية في العلاقة بين التعلم الاستراتيجي والمرونة الإستراتيجية (شركة أدوية الحكمة: دراسة حالة)

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First and foremost, I would like to begin with thanking Allah the Almighty, for whom I owe what I have achieved so far. I would like to express my heartfelt gratitude towards people I respect for their assistance, support and encouragement in so many ways during my study.

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To those people, I dedicate this thesis with acknowledgement and pride

Sincerely Yours,

Ghalib Sami Abu Shehab

Dedication

In particular, I dedicate this thesis to my father who has great perceptions for my life, also to my mother who has raised me to be the person I'm now. May Allah gives them the peace in their life and gives them the heaven in the next life, Amen.

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Abstract

Investigating the Mediating Effect of Absorptive Capacity on the Relationship between Strategic Learning and Strategic Flexibility (Hikma Pharmaceutical Company: A Case Study)

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This study is an attempt to investigate the effect of strategic learning on strategic flexibility and absorptive capacity. Also, study the mediating role of absorptive capacity on the relationship between strategic learning and strategic flexibility. This research follows a case study design. Data were collected from 181 managers out of about 300 managers working at Hikma Pharmaceutical Company, by means of questionnaire during the period from September to December 2014. To confirm the suitability of the collected data validity and reliability tests were performed. To test the hypotheses statistical analysis, correlation, simple regression, multiple regressions and path analysis were carried out.

The results of the study show that there is a statistically significant effect of absorptive capacity on the relationship between strategic learning and strategic flexibility in Hikma Pharmaceuticals Company. Results also show there is a statistically significant effect of strategic learning variables on strategic flexibility in Hikma Pharmaceuticals Company. Moreover, there is a statistically significant effect of strategic learning variables on absorptive capacity in Hikma Pharmaceuticals Company. Finally, results show that there is a statistically significant effect of absorptive capacity on strategic flexibility in Hikma Pharmaceuticals Company.

The study recommends currying further studies related to the effect of strategic learning on absorptive capacity and strategic flexibility.

Key Words: Strategic Learning, Strategic Flexibility, Absorptive Capacity, Hikma Pharmaceuticals Company.

الملخص

دراسة أثر الوسيط للقدرة الاستيعابية في العلاقة بين التعلم الاستراتيجي والمرونة الإستراتيجية

(شركة أدوية الحكمة: دراسة حالة)

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اشراف

د. سامر عيد الدحيات

تهدف هذه الدراسة لمناقشة أثر التعلم الاستراتيجي على المرونة الاستراتيجية والقدرة الاستيعابية. أيضا، دراسة اثر الوسيط للقدرة الاستيعابية في العلاقة بين التعلم الاستراتيجي والمرونة الاستراتيجية.

تعتبر هذه الدراسة دراسة وصفية سببية. وقد تم جمع البيانات من 181 مدير من أصل حوالي 300 مدير عاملين في شركة الحكمة للصناعات الدوائية عن طريق الاستبيان خلال الفترة ما بين سبتمبر إلى ديسمبر 2014، الذي صمم إعتمادا على الأدب النظري وطور من خلال لجنة المحكمين. وللتأكيد من صلاحية الإستبيان تم فحص الصدق والثبات لأداة الدراسة. وتم استخدام الإحصاء الوصفي، وإختبار العلاقة والإنحدار البسيط والمتعدد وتحليل المسار من أجل فحص الفرضيات.

تظهر نتائج الدراسة أن هناك تأثير ذو دلالة إحصائية للقدرة الاستيعابية على العلاقة بين التعلم الاستراتيجي والمرونة الاستراتيجية في شركة ادوية الحكمة. وتظهر النتائج أيضا وجود تأثير ذو دلالة إحصائية للتعلم الاستراتيجي على المرونة الاستراتيجية في شركة ادوية الحكمة. وعلاوة على ذلك، هناك تأثير ذو دلالة إحصائية للتعلم الاستراتيجي على القدرة الاستيعابية في شركة ادوية الحكمة. أخيرا، أظهرت النتائج أن هناك تأثير ذو دلالة إحصائية للقدرة الاستيعابية على المرونة الاستراتيجية في شركة ادوية الحكمة.

واخيرا، توصي هذه الدراسة بجمع وتطوير المزيد من الدراسات الخاصة بتأثير التعلم الاستراتيجي على القدرة الاستيعابية والمرونة الاستراتيجية.

الكلمات المفتاحية: التعلم الاستراتيجي، المرونة الاستراتيجية، القدرة الاستيعابية، شركة الحكمة للصناعات الدوائية.

Chapter One:

Study General Framework

1.1. Introduction:

Due to the unprecedented dynamic changes in the twenty-first century business environment is affecting all organizations whatever they do and where ever they work. Now-a-days, strategic learning is playing an instrumental role in integrating various experiences and possessed knowledge into strategic planning to get competitive advantage. The emergence of the globalised "knowledge economy", coupled with the development of knowledge-intensive business service sectors have made strategic learning absolutely essential for firms to be strategically flexible in order to continuously adapt to changing environmental demands. This has required organizations to develop proficient learning processes to better deal with such an uncertain business environmental reality and reallocate the use of their resources. At the same time, many literatures indicated that absorptive capacity has a role on the relationship between strategic learning and strategic flexibility.

It seems that there is an agreement among authors, scholars and practitioners regarding the definition of absorptive capacity, strategic learning and strategic flexibility such as Cohen and Levinthal (1990) mentioned that absorptive capacity is the ability of a firm to recognize the value of new external information, assimilate it, and apply it to commercial ends. Beer et. al. (2005) said that strategic learning is a specific learning capability that enables top management teams to continuously integrate organization-wide experiences and knowledge into strategies that enable companies to cope with

growing strategic discontinuities and disruptions. Evans (1991) mentioned that strategic flexibility is the ability to precipitate intentional changes and adapt to environmental changes through continuous rethinking of current strategies, asset deployment and investment strategies. Sanchez (1995) described strategic flexibility as the organization's capability to identify major changes in the external environment, quickly commit resources to new courses of action in response to those changes, recognize and act promptly when it is time to halt or reverse existing resource commitments. Finally, Zahra and George (2002) and Dahiyat and Al-Zu'bi, (2012) stated thtat the emphasis has recently been placed upon the important role of absorptive capacity in exploiting the outcomes of an organization's strategic knowledge and learning-related processes, as well as enhancing its overall strategic flexibility

Accordingly, this study seeks to investigate the effect of strategic learning on strategic flexibility and absorptive capacity, as well as, to explore the mediation role of absorptive capacity on the relationship between strategic learning and strategic flexibility.

1.2. Study Problem and its Questions:

As the researcher working in this field, he realized that there is a gap between strategic learning and strategic flexibility which may be related to absorptive capacity. From related literature it seems that it is a worldwide problem and there is a lack of studies addressing the issues of strategic learning and strategic flexibility in the pharmaceutical industry in Jordan, which is considered as a knowledge-intensive business sector.

According to Mohammad Ali Shahin (a representative of healthcare-related industries and medical supplies at the Jordan Chamber of Industry) the Jordanian pharmaceutical industry plays a significant role in supporting the

Jordan economy, the pharmaceuticals exports rose from $503 million to $643 million in 2011, an increase by $140 million. Jordan pharmaceutical companies are now distributing their products to more than 60 countries and about 90% of the exports are going to Arab countries (JAPM, 2011).

Jordan is considered a developing economy that suffers from a serious lack of physical and natural resources. Therefore it has heavily invested in human resources developing and education in order to compensate for the scarcity in physical resources. This can prepare Jordan to compete effectively in today's global knowledge economy, which emphases the importance of strategic learning, strategic flexibility and absorptive capacity (Bontis, 2004; Al-khalil et. al. 2014).

To investigate the effect of strategic learning on strategic flexibility at Hikma Pharmaceutical Company, as well as, to explore the mediation role of absorptive capacity on the relationship between strategic learning and strategic flexibility. Therefore, the study problem can be perceived by answering the following main questions:

1. What is the effect of strategic learning on strategic flexibility?
2. What is the effect of strategic learning on absorptive capacity?
3. What is the effect of absorptive capacity on strategic flexibility?
4. What is the mediating role of absorptive capacity on the relationship between strategic learning and strategic flexibility?

1.3. Study Purpose and Objectives:

This study aims at investigate the effect of strategic learning on both strategic flexibility and absorptive capacity; determine the effect of absorptive capacity on strategic flexibility; examine the mediating effect of absorptive

capacity on the relationship between strategic learning and strategic flexibility; identify the levels of strategic learning, strategic flexibility, and absorptive capacity at Hikma Pharmaceutical Company. The objective of this study is to provide sound recommendations to Hikma Pharmaceutical Company regarding the potential use of strategic learning.

1.4. Study Importance:

This study may be considered as one of the pioneer studies in the area of strategic learning, strategic flexibility and absorptive capacity in the context of the Jordanian pharmaceutical industry.

In addition an important contribution of this study is that it seeks to build an integrated model that links between the three strategic concepts of strategic learning, strategic flexibility and absorptive capacity.

These are believed to enable today's the organizations to better prepare to environmental changes through continuous information gathering and analysis. This study proposes that accumulated learning needs to be properly absorbed and integrated by the organization in order to facilitate strategic flexibility.

1.5. Study Hypotheses:

Based upon the study problems and the literature review, the following research hypotheses will be examined:

H_{01}: There is no effect of strategic learning on strategic flexibility, at ($\alpha \leq 0.05$).

H_{02}: There is no effect of strategic learning on absorptive capacity, at ($\alpha \leq 0.05$).

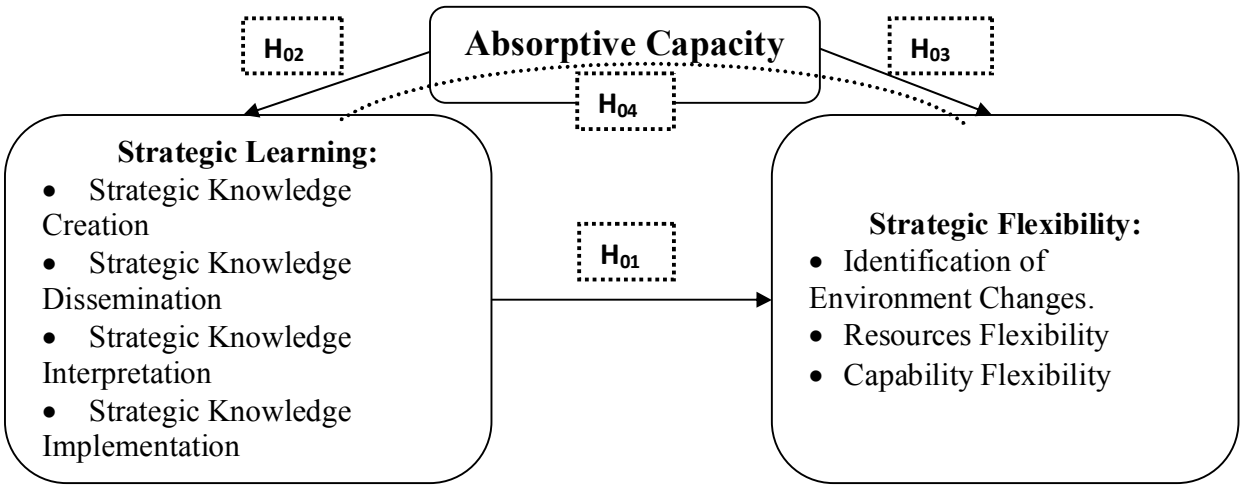
H_{03}: There is no effect of absorptive capacity on strategic flexibility, at ($\alpha \leq 0.05$).

H_{04}: There is no mediating effect of absorptive capacity on the relationship between strategic learning and strategic flexibility, at ($\alpha \leq 0.05$).

1.6. Study Model:

Study model shows the effect of independent variable (strategic learning) on dependent variable (strategic flexibility) and mediating role (absorptive capacity)

Figure (1): Study Model



Source: The model was developed based on the following studies: Cohen and Henderson (1998), Zahra and George (2002), Siren (2012), and Thite (2004).

1.7. Definitions of Research Terms:

Absorptive Capacity:

According to Zahra and George (2002) the ability to recognize the value of new information, assimilates it, and applies it for commercial purposes, and then they defined the capacities as follows:

Absorptive capacity contains two different capacities: potential absorptive capacity and realized absorptive capacity.

The potential absorptive capacity is made of two elements. First there is knowledge acquisition which "refers to a firm's capability to identify and acquire externally generated knowledge that is critical to its operations". Second, there is assimilation capability which "refers to the firm's routines and processes that allow it to analyze process, interpret and understand the information obtained from external sources".

Realized absorptive capacity is made up of transformation capability on one hand that can be defined as "a firm's capability to develop and refine the routines that facilitate combining existing knowledge and the newly acquired and assimilated knowledge".

On the other hand realized absorptive capacity is also made of the exploitation capability of a firm which is basically the capacity of a firm to apply the newly acquired knowledge in product or services that it can get financial benefit from.

Strategic Learning:

Is the learning that is generated from the companies in support of strategic initiatives, improve their strategic and indicate that the process of designing the strategic behaviors (Siren, 2012).

Knowledge Creation:

Is the process of modifying the knowledge gained by others to acquire new knowledge appropriate to the circumstances and the work environment (Siren, 2012).

Knowledge Dissemination:

The process of distribution and exchange of knowledge and participation among individuals, groups, and organizational units at different organizational levels (Siren, 2012).

Knowledge Interpretation:

The process in which meaning is given to new information and shared understanding is developed (Siren, 2012).

Knowledge Implementation:

Is the process of storage and use of knowledge and take advantage of them in order to improve processes, products and services, solve problems and achieve goals (Siren, 2012).

Strategic Flexibility:

Is the ability of companies to identify changes in the external environment, for the purpose of mobilizing resources in new directions, and quick responses to these changes (Shimizu and Hitt, 2004).

Resources Flexibility:

The ability of companies to deal with the overall holdings of financial assets and material resources, human and knowledge and skills, which gives it

the ability to activate the strategic options through different administrative systems (Li, et. al. 2008).

Capability Flexibility:

It's the ability of companies to take full advantage of new resources and the most effective way to meet the needs of their customers (Li, et.al, 2008).

1.8. Study Limitations:

The study scope deal with the following:

Place limitation: AL-Hikma Pharmaceutical Company in Amman-Jordan.

Time limitation: This study is estimated to be completed in two academic semesters for the year 2014-2015.

Scientific limitation: This study is based on previous studies and theoretical literatures on absorptive capacity, strategic flexibility (Identification of environment changes, resources flexibility and capability flexibility) and strategic learning (knowledge creation, knowledge dissemination, knowledge interpretation and knowledge implementation)

Chapter Two:

Theoretical Framework and Previous Studies

2.1. Introduction:

This chapter includes four sections: theoretical framework, hypothesis development, previous related studies, and finally, it highlights the contribution of the current study compared to others.

2.2. Theoretical Framework:

This section covers the definitions, as well as, the components of each variable.

Strategic Learning:

Learning is very important issue not only for individuals but also for organizations and nations. Organizations have to include learning within their strategy to improve their activities, processes and their business performance.

Chapman, et. al. (2006) stated that strategic learning is the process of organizing and condensing important details from a text, lecture, conversation, or other discourse into abstracted high-level gist-based concepts. Many dimensions effect on strategic learning like knowledge creation, knowledge dissemination, knowledge interpretation and knowledge implementation.

Knowledge Creation:

Thomas, et. al. (1993) noted that knowledge creation is usually considered to be an antecedent to knowledge interpretation and action. Therefore, it is an important starting point for the strategic learning process. Researchers have most often defined knowledge creation as searching the external environment to identify important events or issues that might affect

an organization. Moreover, Kuwada (1998) said a characteristic of creative search is that knowledge-creation activities are not restricted by the current strategic direction of the firm Instead, the information collection aims to lead the company into new markets and technological experiences that will break the boundaries of the current strategic thinking. Furthermore, Crossan, et. al. (1999) said that the key actors in the knowledge creation processes are the individual members of an organization. Several studies suggest that at least some individuals repeatedly try to engage their organizations in knowledge-creation activities that are outside of the scope of their current strategy. Finally, Adler and Obstfeld (2007) stated that the process through which individuals engage in exploratory knowledge-creation activities is called creative search. The process is a future-oriented and uncertainty-enhancing cognitive process in a deliberate search for and recognition of opportunities.

Knowledge Dissemination:

Nonaka, et. al. (1994) said that personal knowledge can be brought into a social context through knowledge dissemination. Knowledge dissemination refers to the internal spread of strategic knowledge, acquired at an individual level through conversations and interactions between individuals and groups within the organization. Bontis et. al. (2002) mentioned that knowledge can be disseminated, for example, through formal and informal communication, dialogue and debates. The effective distribution requires, among others, agile information systems and effective use of teams and personnel meetings to share. In general, prior research highlights the role of face-to-face communication as the most powerful way to exchange and process complex exploratory knowledge. Thomas et. al. (1993) said that strategic knowledge dissemination activates knowledge interpretation activities and it is an

important starting point for the development of shared organizational knowledge.

Knowledge Interpretation:

Previous studies have often viewed knowledge interpretation as an individual-level process. However, Daft and Weick (1984) argue that organizations themselves can be viewed as interpretation systems. Engh and Huber (1991) defined knowledge interpretation as a process in which meaning is given to new information and shared understanding is developed. Thomas et. al. (1993) said that interpretation involves fitting new knowledge into some structure for understanding and action. Interpretation is closely linked to the concept of strategic sense-making. Debra et. al. (1995) stated that strategic sense-making refers to an uncertainty-reducing cognitive process that enables managers to understand the appropriateness and usefulness of the developed knowledge and its fit with the business opportunities. Kuwada (1998) said that interpretations of information are especially important because new strategic knowledge includes uncertainty with respect to its future appropriateness and usefulness. Ambrosini and Bowman (2005) mentioned that strategic learning, in particular, is integrated with sense-making because new interpretive schemas are needed and the current sense-making needs to be altered for strategic learning to occur. Akgun et. al. (2003) mentioned that conflicting assumptions and alternative interpretations must be considered and, if needed, acted on to change an organization's methodology for interpreting information. Thus, an organizational culture that encourages questioning and challenging of the current cognitive frameworks and assumptions enhances the development of new insights, leading to strategic learning.

Knowledge Implementation:

Walsh and Ungson (1991) said that organizational memory refers to the base of prior knowledge that is embedded in organizational-level functions and can be retrieved for future decision-making. In the knowledge implementation process, various departments within the organization test the applicability of the developed strategic initiative in action. Thomas et. al. (1993) said that the effective organizational action depends on its ability to implement and integrate knowledge into a coherent action. Strategic knowledge implementation refers to the institutionalization of knowledge into the collective facets of an organization, such as organizational systems, structures, procedures and strategies.

In summary, strategic learning can be described as a learning capability which enables top management teams to integrate organization's experiences and knowledge into strategies continuously. This process enables companies to cope with fast environmental development. And strategic learning constitutes from knowledge creation, knowledge dissemination, knowledge interpretation and knowledge implementation.

Strategic Flexibility:

Strategic flexibility has been considered by previous research in strategic management, economics, organization theory and marketing. Consequently, there is a diverse range of definitions about this term.

Evans (1991) mentioned that strategic flexibility has been operational in empirical research through three approaches: the flexible man oeuvre approach, the flexible process approach and the flexible cognitive style approach. Researchers using the man oeuvre approach take the view that

strategic flexibility is an implemented form of flexibility. Taylor (1991) said that it may be useful to adopt scenarios as elements of the strategic planning process, as well as employ strategic alternatives at the stage of formulation of development concepts. Sanchez (1995) defined strategic flexibility is the ability to precipitate intentional changes and adapt to environmental changes through continuous rethinking of current strategies, asset deployment and investment strategies, then Sanchez (1995) said that strategic flexibility can offer a firm a distinctive competitive advantage, because the capabilities to generate decision making options, and hence different forms of strategic flexibility to deal with dynamic and changing environments, is probably difficult for competitors to imitate. In contrast, Teece et. al. (1997) described the need for firms in dynamic environments to "reconfigure the firm's asset structure, and to accomplish the necessary internal and external transformations". They refer to high flexibility firms as those with a capability to scan the environment, evaluate markets and competitors, and to quickly accomplish reconfiguration and transformation ahead of competition. . Debra et. al. (1995) argues that flexibility requires detecting changes in the environment and retaining a sufficient pool of novel actions so that these changes can be accommodated. Grewal and Tansuhaj (2001) mentioned that strategic flexibility is correlated with the company's results, particularly in times of turbulent changes brought about by the present economic crisis. This correlation is especially important for companies operating on highly competitive markets, as opposed to markets characterized by high uncertainty of demand or technological progress, where strong market orientation at the cost of flexibility is the preferred approach. Sanchez and Heene (2004) argue that strategic flexibility is a function of the firm's resources flexibility, defined as the number of different uses to which the resources can be applied, the cost

and time required to switch the resources to different uses, as well as of the managerial capabilities required to achieve coordination flexibility. It's also the property that allows modern organizations to prepare for largely unpredictable changes in their environment. Nadkarni and Narayanan (2004) said that strategic flexibility can be thought as extending along two dimensions: on the one dimension, it concerns the variation and diversity of strategies, while on the other; it refers to the degree at which firms can rapidly shift from one strategy to another. Dibrell et. al. (2007) considered that strategic flexibility should not only keep stock of current environmental trends and changes, but also introduce and consolidate operating conditions that safeguard rapid implementation of changes, even the most radical ones.

Several dimensions effect on strategic flexibility (environment changes, resources flexibility and capability flexibility). Greenley and Oktemgil (1998) defined organization capability as the ability to identify major changes in the external environment, quickly commit resources to new courses of action in response to those changes, recognize and act promptly when it is time to halt or reverse existing resource commitments. Bradley (2006) defined resource flexibility as the ability to reallocating resources from one department to another, moving individual employees to tasks that are better suited to their strengths and reassessing the budget to look for cost savings .While the organization itself needs to show some level of flexibility to thrive in a complex and dynamic marketplace. From a cognitive content perspective, the capabilities for strategic flexibility are linked to information processing in decision makers. Sharafman and Dean (1997) highlight the centrality of information processing in strategic decision making, and its importance for generating decision is making options to achieve strategic flexibility for the

firm. The social cognition literature also highlights the centrality of information processing, when discussing the structure of cognitive models.

In conclusion, the real force behind the firm's success is rooted from their ability to adapt with their environmental changes. Hence, this study defines strategic flexibility as the ability of organizations to identify external environmental changes, for the purpose of mobilizing their resources to new directions, and fast response to these changes.

Absorptive Capacity:

The idea of absorptive capacity has emerged as a concept that bridge between the dynamic capabilities and organizational learning. Absorptive capacity is very important concept which is needed by each organization to achieve their competitive advantage. Cohen and Levinthal (1989) said a lot of empirical and theoretical work has been devoted to analyzing the absorptive capacity of firms. However, the use of the concept of absorptive capacity has not been limited to the firm level; it ranges from the level of the individual to that of entire nations. Moreover, they defined it as "the firm's ability to identify, assimilate and exploit knowledge from the environment". Subsequently Cohen and Levinthal (1990) adopted a slightly wider view as: "an ability to recognize the value of new information, assimilate it, and apply it to commercial ends". Putting the two definitions together provides a classical view of absorptive capacity as the identification and recognition of new information, both internal and external, and its assimilation, application and exploitation for commercial ends.

Volberda (2003) discuss three models of absorptive capacity which have current credibility: their own model which is closely linked to the

original views of Cohen and Levinthal (1989, 1990), the model of Lane, Salk and Lyles (2001) which is based on research into knowledge transfer within international joint-ventures, and the recent model of Zahra and George (2002).

In summary, the model of Zahra and George (2002) added two major stages to the process of converting knowledge into the actions which produce competitive advantage: potential absorptive capacity, and realized absorptive capacity. The potential absorptive capacity is made of two elements. First there is knowledge acquisition which "refers to a firm's capability to identify and acquire externally generated knowledge that is critical to its operations". Second, there is assimilation capability which "refers to the firm's routines and processes that allow it to analyze process, interpret and understand the information obtained from external sources". Realized absorptive capacity is made up of transformation capability on one hand that can be defined as "a firm's capability to develop and refine the routines that facilitate combining existing knowledge and the newly acquired and assimilated knowledge". On the other hand realized absorptive capacity is also made of the exploitation capability of a firm which is "basically the capacity of a firm to apply the newly acquired knowledge in product or services that it can get financial benefit from".

Cohen and Levinthal (1990) conclude that a firm is better able to acquire and use external knowledge from areas it has some prior experience or related knowledge in (path-dependency of absorptive capacity). Nelson and Wolff (1997), Becker and Peters (2000) argue that firms need higher absorptive capacities for scientific knowledge than for other types of knowledge. Mangematin and Nesta (1999) found that higher absorptive capacities increase the ability to use more fundamental external knowledge

and firms with higher absorptive capacity have more contacts with research institutes than firms with lower absorptive capacities. Van Den Bosch, et. al. (1999) said that the essential to the concept of absorptive capacity is the idea that accumulated experience with adoption and invention improves the capacity to recognize and absorb high quality external ideas and create valuable inventions. Over the past two decades the absorptive capacity concept has gained currency amongst scholars, resulting in it being cited in over one thousand publications and operational listed in hundreds of research articles. Foss and Mahoney (2010) considered that the success at technological innovation required the integration of both external knowledge and internal inventiveness. At all levels of analysis, innovators have been shown to rely on external knowledge for technical problem solving.

In conclusion, absorptive capacity is related to situation. It is a function of the relationship among capabilities, structures, routines and policies that are specific to each firm. Also, absorptive capacity plays a major role in improving the organization capacity to learn and innovate.

From the mentioned above previous related literature strategic learning can be defined as an approach that can be used to help organizations to survive and grow. Moreover, strategic learning is a method that helps individuals, groups and organizations to learn quickly from their previous experience, so they can learn how to adapt with their environmental changes. Furthermore, using a strategic learning approach need to develop an absorptive capacity of individuals, groups and organizations. At the end, strategic learning provides the organizations with strategic flexibility to match with their environmental changes.

2.3. Hypotheses Development:

Previous literature revealed that there is an increase interest in an absorptive capacity topic and its important role in supporting organizational innovation activities and knowledge management efforts, but previous studies did not show the same interest in the relationships between absorptive capacity neither with strategic learning nor strategic flexibility. Also it seems that there is no clear cut definition regarding the concept of absorptive capacity. Dahiyat and Al-Zu'bi (2012) said that there is no agreement upon the definition of absorptive capacity concept.

Strategic Learning and Strategic Flexibility

Siren (2012) described strategic learning as the learning that is generated from the companies in support of strategic initiatives and improve their strategic and indicate that the process of designing the strategic behaviors. This knowledge is modify to acquire new knowledge appropriate to the changes in the external environment and integrated by the organization in order to facilitate strategic flexibility.

Strategic Learning and Absorptive Capacity

Beer, et. al. (2005) said that strategic learning is a specific learning capability that enables top management teams to continuously integrate organization-wide experiences and knowledge into strategies that enable companies to cope with growing strategic discontinuities and disruptions. Siren (2012) mentioned that the knowledge which gained by others distribute and participate among individuals and organizational units at different organization levels. From here absorptive capacity plays a major role in assimilate this new knowledge and apply it for commercial purposes.

Absorptive Capacity and Strategic Flexibility

Volberda (2003) stated that due to rapid technological change, shortened product life cycles and global competition, many organizations have found that it is almost impossible to address these competitive forces without some major internal and external structural adjustments that provide greater strategic flexibility. Hence Zahra and George (2002) said that the important of absorptive capacity play a significant role in identify and apply the newly acquired knowledge in product or services that it can get financial benefit from.

Absorptive Capacity, Strategic Learning and Strategic Flexibility

Siren (2012) mentioned that acquiring knowledge is the initiating activity in the process of knowledge creation and management, effective and purposeful acquisition of new knowledge will significantly enhance strategic flexibility. Van Den Bosch, et. al. (2003) said that the literature has emphasized that absorptive capacity positively improves outcomes and that the subsequent organizational learning from internal knowledge efforts also improves absorptive capacity itself, while Dibrell, et. al. (2007) said strategic flexibility is undeniably linked with planning formulation and implementation. As shown in empirical research, dynamic and successful companies do take into account the effects of external factors, even if they adopt fairly routine planning processes, therefore Zahra and George (2002) defined absorptive capacity as the ability to recognize the value of new information, assimilate it, and apply it for commercial purposes.

2.4. Previous Studies:

Due to lack of the studies that interrelating strategic learning, strategic flexibility and absorptive capacity, the current study will take the initiative to focus on this relationships. Due to limited space the section will take a snapshot from previous studies which focus on strategic learning, strategic flexibility and absorptive capacity.

1. Fiol and Lyles (1985) study titled: **"Organizational learning".** Purpose was to study and clarifies the distinction between organizational learning and organizational adaptation and showed that change does not necessarily imply learning. There are different levels of learning, each having a different impact on the strategic management of the firm.

2. Mintzberg and Waters (1985) study titled: **"Of strategies, deliberate and emergent".** Its purpose was to study and develop notion and some basic issues related to strategic choice, by elaborating along this continuum various types of strategies uncovered in research. These include strategies labeled planned, entrepreneurial, ideological, umbrella, process, unconnected, consensus and imposed.

3. Ghoshal (1987) study titled: **"Global strategy: An organizing framework",** aimed at studying a range of different issues relevant to global strategies and provides a basis for organizing existing literature on the topic and for creating a map of the field. Such a map can be useful for teaching and also for guiding future research in this area. The article, however, is primarily directed at managers of multinational corporations, and is aimed at providing them with a basis for relating and synthesizing the different perspectives and prescriptions that are currently available for global strategic management.

4. Mody (1993) study titled: **"Learning through alliances"** purpose was to study an alliance which is a flexible organization that allows firms with complementary strengths to experiment with new technological, organizational, and marketing strategies. The flexibility is valuable because the project undertaken through the alliance is uncertain. Flexibility is traded off against the weak incentive structure of the alliance. Although the principle goal of the experimental set-up is to learn more about technical and market parameters, learning also occurs about working in an alliance and could lead to greater competence in managing alliances, partially alleviating incentive problems

5. Sanchez and Mahoney (1996) study titled: **"Modularity, flexibility, and knowledge management in product and organization design",** aim was to study and investigates interrelationships of product design, organization design, processes for learning and managing knowledge, and competitive strategy. Also, uses the principles of nearly decomposable systems to investigate the ability of standardized interfaces between components in a product design to embed coordination of product development processes.

6. Wright and Snell (1998) study titled: **"Toward a unifying framework for exploring fit and flexibility in strategic human resource management".** The purpose of the study was to study a framework for the concepts of fit and flexibility in the field of strategic human resource management (HRM), focusing on HRM practices, employee skills, and employee behaviors, and review past conceptual and empirical work within that framework. The study presented a model of strategic HRM and uses this model to explore the concepts of fit and flexibility as they apply to strategic HRM. After applying the concepts of resource and coordination flexibility to

strategic HRM, it discussed the implications of the framework for both the practice of and research on strategic HRM.

7. Van Den Bosch, et. al. (1999) study titled: **"Coevolution of firm absorptive capacity and knowledge environment: Organizational forms and combinative capabilities".** The study purpose was to study and understanding of absorptive capacity for assimilating new knowledge as a mediating variable of organization adaptation. Many scholars suggest a firm's absorptive capacity plays a key role in the process of coevolution (Lewin et al., this issue). So far, most publications, in following Cohen and Levinthal (1990), have considered the level of prior related knowledge as the determinant of absorptive capacity. The study suggested, however, that two specific organizational determinants of absorptive capacity should also be considered: organization forms and combinative capabilities.

8. Lane, et. al. (2001) study titled: **"Absorptive capacity, learning, and performance in international joint ventures"**, aimed at studying and testing a model of IJV learning and performance that segments absorptive capacity into the three components originally proposed by Cohen and Levinthal (1990). First, trust between an IJV's parents and the IJV's relative absorptive capacity with its foreign parent is suggested to influence its ability to understand new knowledge held by foreign parents. Second, an IJV's learning structures and processes are proposed to influence its ability to assimilate new knowledge from those parents. Third, the IJV's strategy and training competence are suggested to shape its ability to apply the assimilated knowledge.

9. Zahra and George (2002) study titled: **"Absorptive capacity: A review, reconceptualization, and extension**", purpose was to study the idea

of absorptive capacity across the literature on dynamic capabilities and organizational learning. But its development has been largely at a conceptual level with major contributions building on secondary data and literature reviews. There are very few studies that seriously address the concept based on fresh primary data. The model of Zahra and George (2002) adds two major stages to the process of converting knowledge into the actions which produce competitive advantage: potential absorptive capacity, which includes acquisition and assimilation capabilities; and realized absorptive capacity, which includes transformation and exploitation capabilities.

10. Van Den Bosch, et. al. (2003) study titled: **"Absorptive capacity: antecedents, models and outcomes"**. Its purpose was to study the gap between the speed of proliferation of theoretical and empirical contributions and the speed of accumulation of the acquired scientific knowledge regarding absorptive capacity. To contribute to narrowing this gap, the study focused in particular review the conceptual developments of the absorptive capacity construct. Based on the seminal contributions of Cohen & Levinthal (1989, 1990) it provided a brief overview of the various conceptual attributes of this construct, like the definition, antecedents and consequences, and levels of analysis involved.

11. Kak (2004) study titled: **"Strategic management, core competence and flexibility: Learning issues for select pharmaceutical organizations",** aim was to study an organization's ability to survive and grow based on advantages that stem from core competencies. The case studies of two pharmaceutical organizations have been developed to find out the issues related to core competences development, organizational learning, and strategy formulation with core competences, and role of flexibility in strategy

formulation. The study was based on Flexible Systems Methodology and has been conducted through interviews. The case highlighted that organizations need a new strategic imperative stressing on nurturing core competencies which form the basis for a sustainable competitive advantage. The less imitable the core competencies, the more they become the factors responsible for corporate success, and greater is the economic return.

12. Shimizu and Hitt (2004) titled: **"Strategic flexibility: Organizational preparedness to reverse ineffective strategic decisions".** The purpose of the study was to investigate the importance and difficulties in developing strategic flexibility. The challenge in doing this result from the substantial uncertainties inherent in making these strategic decisions as well as from psychological and organizational biases that affect the attention, assessments, and actions of decision makers in ways that prevent them from recognizing problems and acting in a timely fashion. Being careful and rational is important but not sufficient if managers are to recognize when resource commitments should be halted or reversed and act quickly.

13. Chen, et. al. (2009) study titled: **"The positive effects of relationship learning and absorptive capacity on innovation performance and competitive advantage in industrial markets"**. The paper aim was to study the structural equations modeling (SEM) to explore the positive effects of relationship learning and absorptive capacity on competitive advantages of companies through their innovation performances in Taiwanese manufacturing industry. The results of this study showed that relationship learning and absorptive capacity positively influence upon innovation performances of companies, and further have positive effects on competitive advantages of companies.

14. Agterberg (2010) study titled: **"Rethinking organizational learning analyzing learning processes of information system designers".** The research purpose was to study the theories on organizational learning; the theories should provide answers to or at least suggest ideas to the following related questions: 'Who learns?', 'How do they learn?', 'When do they learn?' and 'Why do they learn?' Reviewing the literature with these questions in mind confirms earlier findings that there exist many different viewpoints on the subject.

15. Atuahene-Gima (2011) study titled: **"Exploratory and exploitative learning in new product development",** aimed at studying the knowledge society and a knowledge economy, which needed by the organizations to have sustainable competitive advantages against their competitors; they need to innovate and to have performance. Organizational learning is a way to achieve these features, because, through organizational learning the intellectual capital of an organization can be developed. The learning organization is an ideal type of organization that learns.

16. Siren (2012) study titled: **"Unmasking the capability of strategic learning: a validation study"** purpose was to study the perspective of strategic learning advances the strategy research by considering strategy-making as a process of organizational learning, the strategic learning perspective responds to the challenges posed by an unpredictable environment. Strategic learning is a specific learning capability that enables top management teams to continuously integrate organization-wide experiences and knowledge into strategies that enable companies to cope with growing strategic discontinuities and disruptions

2.5. Study Contribution Compared to Previous Studies:

1. Absorptive Capacity Concept: Previous studies considered the relationships between two variables (strategic learning and strategic flexibility) only. But this study considers the mediation effect of absorptive capacity between these two variables.

2. Environment: Most previous studies have been carried out in different countries outside the Middle East region. While the current study carried out in Jordan.

3. Industry: Few researches conducted about absorptive capacity, strategic flexibility and strategic learning at pharmaceutical industry. This study is dedicated to Pharmaceutical industry, specifically, Hikma Pharmaceuticals Company in Jordan.

4. Finally, this study took the initiative to consider different components for each variable.

Chapter Three:

Method and Procedures

3.1. Introduction:

This chapter is divided into the following five sections: Study Methodology; Study Population and Sample; Study Tools and Data Collection; Statistical Treatment; Reliability and Validity.

3.2. Study Design:

This study used both descriptive and analytical analysis. Descriptive study includes data collection from previous related works and literature review. These resources were used to develop the theoretical model and the questionnaire of this study. To actualize this study data collected from the managers at Hikma Pharmaceutical Company. After verification of the collected questionnaires, the suitable ones will be coded on SPSS. Then validity and reliability were tested.

Finally, statistical analysis, correlation and multiple regressions were carried out to test the hypothesis.

3.3. Study Population and Unit of Analysis:

Hikma Pharmaceuticals is a multinational pharmaceutical company based in London, that manufactures branded and non-branded generic and in-licensed pharmaceutical products. It was first listed on the London Stock Exchange in 2005. In 2013, Hikma delivered 23% group revenue growth and is the largest regional pharmaceutical company in the MENA region. It was founded in Jordan in 1978 by Samih Darwazah.

This research follows a case study design. The case chosen is Hikma Pharmaceutical Company in Amman and the unit of analysis is all the managers located in all three managerial levels (top, middle and lower). The Questionnaires is distributed in all Hikma building (Main building A and B, Hikma factory, Amman gate building and MENA building). After distributing (210) questionnaires to the study sample, a total of (193) answered questionnaires were retrieved, of which (12) were invalid, Therefore, (181) answered questionnaires were valid for the study.

3.4. Data Collection Methods:

The data used in this study are divided into two sources: primary and secondary. Secondary sources (books, journals, dissertations, thesis, articles, previous studies and research, and internet). were used to build the study model, develop hypothesis and building questionnaire. While, the primary data will be collected for the purpose of this study from the managers at Hikma Pharmaceutical Company. In more details the current research is conducted in the following stages:

Stage 1: Literature review, examines the findings of other researchers and authors who have extensive experience in absorptive capacity, strategic learning and strategic flexibility. This stage addresses a number of different issues.

Stage 2: The quantitative approach includes a survey of a unit of analysis include all managers in Hikma Pharmaceutical Company. The survey is conducted in this research to explore the perceptions of Hikma Pharmaceutical Company. Also the purpose of the survey is to produce quantitative descriptions of some aspects and issues of the study population. The questionnaire has been developed based on the literature review, and will

be refined with results and information collected from the previous stage of the research. The questionnaire focuses on the sector in Amman and perceptions of the managers of performance. The survey will be pre-tested for its validity and reliability.

Stage 3: Data coding and analysis includes presentation, hypothesis testing, and analysis of results. Various quantitative statistics of methods such as factor analysis, analysis of variance and correlation will be employed on the survey data. The application of several statistical techniques to test the relationships between variables. Statistical Package for Social Science 'SPSS' will be used to evaluate and perform all the analysis to test the hypotheses. In this study, both primary and secondary data were used. The data collected for the model were through a questionnaire. After conducting a thorough review of the literature pertaining to study variables, the researcher formulated the questionnaire instrument for this study.

Study Tool:

To actualize this study the imperial data were collected by the questionnaire which is the main tool for this purpose.

The questionnaire is composed from the following sections and is represented in table (3-1):

Section One (**Demographic Dimensions**): The demographic information was collected with closed-ended questions, through (5) factors (Gender; Age; Education; Experience and Administrative level).

Section Two (**Strategic Learning**): This section measures the Strategic Learning through (4) variables (Knowledge Creation, knowledge

Dissemination, Knowledge Interpretation and knowledge Implementation); through (18) items.

Section Three (**Strategic Flexibility):** This section measures the Strategic Flexibility through (3) variables (Identification of environment changes, Resources flexibility and Capability flexibility); through (11) items.

Section Four (**Absorptive Capacity):** This section measures the Absorptive Capacity through (7) items from (30) to (36).

Tablet (3-1): Strategic Learning, Strategic Flexibility and Absorptive Capacity Items

Variables	No. of items	Items Arrangement
Strategic Learning		
• Knowledge Creation	4	1-4
• Knowledge Dissemination	5	5-9
• Knowledge Interpretation	5	10-14
• knowledge Implementation	4	15-18
Strategic Flexibility		
• Resources Flexibility	4	19-22
• Capability Flexibility	4	23-26
• Identification of environment changes	3	27-29
Absorptive Capacity	7	30-36

All variable items are measured by a five Likert scale as shown in table (3-2)

Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
5	4	3	2	1

3.5. Statistical Treatment:

The data collected from the responses of the study questionnaire were used through Statistical Package for Social Sciences (SPSS Ver. 21) and Amos Ver.21 for analysis and conclusions. Finally, the researcher used the suitable statistical methods that consist of:

- **Descriptive Statistics Methods**

  - Percentage and Frequency.

  - Arithmetic to identify the level of response of study sample individuals to the study variables.

  - Standard Deviation to Measure the responses spacing degree about Arithmetic Mean.

  - Relative importance, assigned due to:

$$\text{Class Interval} = \frac{\text{Maximum Class} - \text{Minimum Class}}{\text{Number of Level}}$$

$$\text{Class Interval} = \frac{5-1}{3} = \frac{4}{3} = 1.33$$

The Low degree from 1- less than 2.33

The Medium degree from 2.34 – 3.66

The High degree from 3.67 and above.

- **Inference Statistics Methods**

  - Cronbach's Alpha reliability (α) to measure strength of the correlation and coherence between questionnaire items.

  - Variance Inflation Factor and Tolerance to make sure that there are no Multicollinearity between independent variables.

  - Simple and Multiple Regression analysis to Measure the impact of study variables on testing the direct effects.

- Path Analysis to test the direct and indirect impact of independent variables on dependent variable through mediating variable.

3.6. Validity and Reliability

(A) Validity:

To confirm validity of the study tool the study used different sources to build the questionnaire such as: books, journals, dissertations, thesis, articles, previous studies and research, and internet. And to develop and modify it the study used panel of judge which constitutes from academicians and practitioners, as shown in appendix (2).

(B) Reliability:

Cronbach's alpha was used to determine the internal consistency of each variable, Sekaran (2003), Gregory (2004), and Sekaran & Bougie (2010:184) said that Cronbach's alpha should be more than (0.60) to be accepted. Table (3-3) shows that Cronbach,s Alpha for independent variables ranging from 0.863 to 0.958, and for dependent variables ranging from 0.889 to 0.912, while for absorptive capacity is 0.935. These results show that all variables are accepted.

Table (3-3): Reliability Test of the Questionnaire Variables.

No.	Variable	Cronbach's alpha	
		No of items	Cronbach's alpha Value
1	**Strategic Learning**	18	0.958
(1-1)	• Knowledge Creation	4	0.863
(1-2)	• Knowledge Dissemination	5	0.913
(1-3)	• Knowledge Interpretation	5	0.905
(1-4)	• Knowledge Implementation	4	0.910
2	**Strategic Flexibility**	11	0.948
(2-1)	• Resources Flexibility	4	0.912

(2-2)	• Capability Flexibility	4	0.889
(2-3)	• Identification of Environment Changes	3	0.899
3	**Absorptive Capacity**	7	0.935
Questionnaire Overall		36	0.979

Chapter Four:

Results and Hypotheses Testing

4.1. Introduction:

According to the purpose of the research and the research framework presented in the previous chapter, this chapter describes the results of the statistical analysis for the data collected according to the research questions and research hypotheses. The data analysis includes a description of the Means and Standard Deviations for the questions of the study; Simple; Multiple Regression analysis and Path Analysis.

4.2. Demographic Analysis of the Study Sample:

Table (4-1) shows the demographic dimensions of the study sample (Gender; Age; Education; Experience and Administrative level).

1. It clarifies the gender of the study sample, (59.7%) of the study sample were male and (40.3%) of the study sample were female. On the other hand, it shows that the (59.7%) of the sample range aged less than 30 Years, (29.8%) of the sample range aged between 30 – Less than 35 Years, (8.8%) of the sample range aged between 35 – Less than 40 Years. (1.7%) of the sample range aged between 40 – Less than 45 Years.

2. Descriptive analysis for the education shows that (5.5%) have Diploma degree, (69.6%) from the study sample have BSc degree, (45%) from the study sample have master degree.

3. Descriptive analysis for experience shows that the (47.5%) of the sample range experience less than 5 Years, (38.1%) of the sample range experience between 5 – Less than 10 Years, (12.7%) of the sample range

experience between 10 – Less than 15 Years. (1.7%) of the sample range experience between 15 Years and more.

4. Descriptive analysis for the Administrative level shows that (9.9%) from the study sample top management, (28.7%) from the study sample Middle management, (61.3%) from the study sample Low management.

Table (4-1): Sample Demographic Analysis.

Variables	Categorization	Frequency	Percent
Gender	Male	108	59.7
	Female	73	40.3
Total		**181**	**100%**
Age	Less than 30 Years	108	59.7
	From 30 – Less than 35 Years	54	29.8
	From 35 – Less than 40 Years	16	8.8
	From 40 – Less than 45 Years	3	1.7
	More than 45 Years	-	-
Total		**181**	**100%**
Education	Diploma	10	5.5
	BSc	126	69.6
	Master	45	24.9
	PhD	-	-
Total		**181**	**100%**
Experience	Less than 5 Years	86	47.5
	From 5 – Less than 10 Years	69	38.1
	From 10 – Less than 15 Years	23	12.7
	15 Years and More	3	1.7
Total		**181**	**100%**
Administrative level	Top management	18	9.9
	Middle management	52	28.7
	Low management	111	61.3
Total		**181**	**100%**

4.3. Descriptive Analysis of Study Variables:

- **Strategic Learning Variable:**

Table (4-2): Mean, Standard Deviation, t-Value, Importance and Ranking of Strategic Learning Sub-Variables.

Variable	Mean	S.D.	t-Value	Importance	Rank
Knowledge Creation	4.22	0.676	24.296	High	1
Knowledge Dissemination	4.05	0.733	19.285	High	3
Knowledge Interpretation	4.10	0.702	21.063	High	2
Knowledge Implementation	4.08	0.772	18.785	High	4
Strategic Learning	**4.11**	**0.640**	**23.306**	**High**	

t-Tabulated=1.960

Table (4-2) shows that the mean of strategic learning sub-variables range between 4.05 to 4.22, with standard deviation ranges between 0.676 to 0.772. Which means the respondents have an agreement on high implementation of strategic learning sub-variables. The average mean of strategic learning variable is 4.11 with standard deviation 0.640, which mean that the Hikma Pharmaceuticals Company is highly implementing strategic learning variable, where t=23.306>1.960. The implementation of knowledge creation is highest, then knowledge interpretation, followed by knowledge implementation, finally knowledge dissemination.

Knowledge Creation

Table (4-3) shows that the means of knowledge creation items are ranging between (4.13-4.29) with standard deviations ranging between 0.708 to 0.939, which indicates that there is semi agreement among respondents regarding the implementations of knowledge creation items at Hikma Pharmaceuticals Company. The average mean of knowledge creation items sub-variable is (4.22) with standard deviation equal 0.676. It indicates that the Hikma Pharmaceuticals Company is implementing this knowledge creation sub variable, where t=24.296>1.960.

Table (4-3): Mean, Standard Deviation, t-Value, Importance and Ranking of Knowledge Creation

No.	Knowledge Creation	Mean	S.D.	t-Value	Importance	Rank
1	The company works to gather information from market	4.29	0.750	23.164	High	2
2	The aim of the company is to acquire external knowledge to develop projects that could lead to enter into new business areas	4.23	0.708	23.408	High	1
3	Company is interested in collecting information and new ideas	4.13	0.939	16.222	High	4
4	The company urging workers to acquire new ideas into new markets such as admission	4.23	0.794	20.761	High	3
Knowledge Creation		**4.22**	**0.676**	**24.296**	High	

t-Tabulated=1.960

Knowledge Dissemination

Table (4-4): Mean, Standard Deviation, t-Value, Importance and Ranking of Knowledge Dissemination

No.	Knowledge Dissemination	Mean	S.D.	t-Value	Importance	Rank
5	The company works to promote a culture of sharing information	4.07	0.860	16.676	High	3
6	Easy reach and access to information within the company by individuals in need	3.96	0.915	14.133	High	5
7	Representatives of Directors on a regular basis to discuss all issues of strategic importance	4.20	0.779	20.781	High	1
8	The exchange of relevant information between various departments Strategy Company	4.02	0.816	16.848	High	2
9	When it gets any section of the company's important information is circulated to all parts of the company	4.00	0.875	15.365	High	4
Knowledge Dissemination		**4.05**	**0.733**	**19.285**	**High**	

t-Tabulated=1.960

Table (4-4) shows that the means of knowledge dissemination items are ranging between (3.96-4.20) with standard deviations ranging between 0.779

to 0.915, which indicates that there is agreement among respondents regarding the implementations of knowledge dissemination items at Hikma Pharmaceuticals Company. The average mean of knowledge dissemination items sub-variable is (4.05) with standard deviation equal 0.733. It indicates that the Hikma Pharmaceuticals Company is implementing this knowledge dissemination sub variable, where t=19.285>1.960.

Knowledge Interpretation

Table (4-5): Mean, Standard Deviation, t-Value, Importance and Ranking of Knowledge Interpretation

No.	Knowledge Interpretation	Mean	S.D.	t-Value	Importance	Rank
10	When the company faces new information of strategic importance managers meet to determine the potential effects of such information on the company	4.16	0.797	19.584	High	1
11	All employees of the company seeks to understand the views of each other any information about the new strategy	4.03	0.822	16.897	High	5
12	All sections and departments of the company's appear full readiness to reconsider its decisions when the emergence of a new information strategy	4.15	0.819	18.859	High	2
13	Is usually assessment methods used in interpreting the information in the company's new foreign	4.08	0.835	17.430	High	3
14	When the company gets information on a new strategy divisions and departments are ready to re-establish the basic thinking goals for its work	4.07	0.850	16.964	High	4
Knowledge Interpretation		**4.10**	**0.702**	21.063	High	

t-Tabulated=1.960

Table (4-5) shows that the means of knowledge interpretation items are ranging between (4.03-4.16) with standard deviations ranging between 0.797 to 0.850, which indicates that there is agreement among respondents regarding

the implementations of knowledge interpretation items at Hikma Pharmaceuticals Company. The average mean of knowledge interpretation items sub-variable is (4.10) with standard deviation equal 0.702. It indicates that the Hikma Pharmaceuticals Company is implementing this knowledge interpretation sub variable, where t=21.063>1.960.

Knowledge Implementation

Table (4-6) shows that the means of knowledge implementation items are ranging between (4.02-4.19) with standard deviations ranging between 0.782 to 0.971, which indicates that there is agreement among respondents regarding the implementations of knowledge implementation items at Hikma Pharmaceuticals Company. The average mean of knowledge implementation items sub-variable is (4.08) with standard deviation equal 0.771. It indicates that the Hikma Pharmaceuticals Company is implementing this knowledge implementation sub variable, where t=18.785>1.960.

Table (4-6): Mean, Standard Deviation, t-Value, Importance and Ranking of Knowledge Implementation

No.	Knowledge Implementation	Mean	S.D.	t-Value	Importance	Rank
15	The company uses strategic information gained in order to improve their use	4.19	0.782	20.516	High	1
16	Events are changes on the company's systems and operating procedures in light of new information	4.02	0.971	14.153	High	4
17	The company benefits from the new environmental information in the development and modification of its strategy	4.04	0.896	15.584	High	3
18	The company adopts the recommendations made by the various divisions and on how to take advantage of new environmental information	4.06	0.814	17.428	High	2
Knowledge Implementation		**4.08**	**0.771**	**18.785**	**High**	

t-Tabulated=1.960

- **Strategic Flexibility:**

Table (4-7) shows that the mean of strategic flexibility sub-variables range between 3.97 to 4.12, with standard deviation ranges between 0.766 to 0.780. Which means the respondents have an agreement on high implementation of strategic flexibility sub-variables. The average mean of strategic flexibility variable is 4.05 with standard deviation 0.707, which mean that the Hikma Pharmaceuticals Company is highly implementing strategic flexibility variable, where t=19.960>1.960. The implementation of resources flexibility is highest, then Identification of Environment Changes, finally Capability Flexibility.

Table (4-7): Mean, Standard Deviation, t-Value, Importance and Ranking of Strategic Flexibility Sub-Variables.

Variable	Mean	S.D.	t-Value	Importance	Rank
Resources Flexibility	4.12	0.773	19.458	High	1
Capability Flexibility	3.97	0.766	17.004	High	3
Identification of Environment Changes	4.07	0.780	18.380	High	2
Strategic Flexibility	**4.05**	**0.707**	**19.960**	**High**	

t-Tabulated=1.960

Resources Flexibility

Table (4-8) shows that the means of resources flexibility items are ranging between (4.05-4.19) with standard deviations ranging between 0.838 to 0.918, which indicates that there is agreement among respondents regarding the implementations of resources flexibility items at Hikma Pharmaceuticals Company. The average mean of resources flexibility items sub-variable is (4.12) with standard deviation equal 0.772. It indicates that the Hikma Pharmaceuticals Company is implementing this resources flexibility sub variable, where t=19.458>1.960.

Table (4-8): Mean, Standard Deviation, t-Value, Importance and Ranking of Resources Flexibility

No.	Resources Flexibility	Mean	S.D.	t-Value	Importance	Rank
19	The company is committed to providing resources crisis in the recruitment of new information	4.11	0.918	16.269	High	4
20	Enables the management of the company's resources to deal with a wide range of changing environmental conditions	4.05	0.838	16.843	High	3
21	The company uses its resources available in many areas	4.12	0.851	17.629	High	2
22	The company has flexible resources to enable them to develop and deliver products and marketing - different services	4.19	0.863	18.592	High	1
Resources Flexibility		**4.12**	**0.772**	19.458	**High**	

t-Tabulated=1.960

Capability Flexibility

Table (4-9): Mean, Standard Deviation, t-Value, Importance and Ranking of Capability Flexibility

No.	Capability Flexibility	Mean	S.D.	t-Value	Importance	Rank
23	Characterized by the company to their capacity to maximize the benefits of their resources and exploit the optimal exploitation	4.10	0.817	18.100	High	1
24	The company has the ability to use Visual-resources by subdivision and the various administrative divisions	4.03	0.871	15.855	High	2
25	The company has the ability to use its resources in the areas of alternative	3.86	0.931	12.612	High	4
26	The company has the ability to change the use of alternative resources to another	3.87	0.913	12.862	High	3
Capability Flexibility		**3.97**	**0.766**	**17.004**	**High**	

t-Tabulated=1.960

Table (4-9) shows that the means of capability flexibility items are ranging between (3.86-4.10) with standard deviations ranging between 0.817 to 0.931, which indicates that there is agreement among respondents regarding the implementations of capability flexibility items at Hikma Pharmaceuticals Company. The average mean of capability flexibility items sub-variable is (3.97) with standard deviation equal 0.766. It indicates that the Hikma Pharmaceuticals Company is implementing this capability flexibility sub variable, where t=17.004>1.960.

Identification of Environment Changes

Table (4-10) shows that the means of identification of environment changes items are ranging between (4.00-4.19) with standard deviations ranging between 0.849 to 0.867, which indicates that there is agreement among respondents regarding the implementations of identification of environment changes items at Hikma Pharmaceuticals Company. The average mean of identification of environment changes items sub-variable is (4.07) with standard deviation equal 0.780. It indicates that the Hikma Pharmaceuticals Company is implementing this identification of environment changes sub variable, where t=18.380>1.960

Table (4-10): Mean, Standard Deviation, t-Value, Importance and Ranking of Identification of Environment Changes

No.	Identification of Environment Changes	Mean	S.D.	t-Value	Importance	Rank
27	The company has the ability to identify potential changes to the environment	4.00	0.849	15.831	High	3
28	The company has the ability to deal with environmental changes in a flexible	4.01	0.849	16.007	High	2
29	The company has the ability to develop alternatives and appropriate solutions to address the environmental changes	4.19	0.867	18.411	High	1
Identification of Environment Changes		**4.07**	**0.780**	**18.380**	**High**	

t-Tabulated=1.960

- **Absorptive Capacity**

Table (4-11) shows that the means of absorptive capacity items are ranging between (3.98-4.17) with standard deviations ranging between 0.738 to 0.859, which indicates that there is agreement among respondents regarding the implementations of absorptive capacity items at Hikma Pharmaceuticals Company. The average mean of absorptive capacity items sub-variable is (4.08) with standard deviation equal 0.688. It indicates that the Hikma Pharmaceuticals Company is implementing this absorptive capacity sub variable, where t=21.179>1.960

Table (4-11): Mean, Standard Deviation, t-Value and Importance of Absorptive Capacity Sub-Variables of Absorptive Capacity

No.	Absorptive Capacity	Mean	S.D.	t-Value	Importance	Rank
30	The company has the ability to recognize the value of new information	4.14	0.801	19.111	High	2
31	The company has the ability to assimilate the new information	4.17	0.828	19.009	High	3
32	The company has the ability to applied the new information	4.07	0.738	19.536	High	1
33	The company has the ability to identify and acquire externally generated knowledge that are vital to their operations	4.04	0.848	16.553	High	6
34	The company has the ability to develop routines that facilitate combining existing knowledge and the newly acquired knowledge absorbed and applied it	4.09	0.818	17.890	High	5
35	The company has the ability to develop and refine routines business that facilities combining existing knowledge and the newly acquired knowledge to gain financial benefit	3.98	0.859	15.395	High	7
36	The company has the acquire knowledge in goods and services that get financial benefit	4.09	0.779	18.878	High	4
Absorptive Capacity		**4.08**	**0.688**	**21.179**	**High**	

ivariate Pearson Correlation:

Table (4-12) shows that the relationship between strategic learning sub-variables is strong to very strong, where r ranging between 0.492 to 0.870. The relationships between strategic learning sub-variables and strategic learning variable is very strong, where r ranging between 0.717 to 0.953.

Table (4-12) also shows that the relationship between strategic flexibility sub-variables is very strong, where r ranging between 0.725 to 0.798. The relationships between strategic flexibility sub-variables and strategic flexibility variable is very strong, where r ranging between 0.877 to 0.932.

Table (4-12): Bivariate Pearson Correlation

No.			1	2	3	4	5	6	7	8	9	10
1	Knowledge Creation	Correlation										
		Sig.										
2	Knowledge Dissemination	Correlation	.530**									
		Sig.	.000									
3	Knowledge Interpretation	Correlation	.596**	.870**								
		Sig.	.000	.000								
4	Knowledge Implementation	Correlation	.492**	.834**	.860**							
		Sig.	.000	.000	.000							
5	Strategic Learning	Correlation	.717**	.932**	.953**	.911**						
		Sig.	.000	.000	.000	.000						
6	Resources Flexibility	Correlation	.483**	.792**	.810**	.852**	.841**					
		Sig.	.000	.000	.000	.000	.000					
7	Capability Flexibility	Correlation	.477**	.796**	.746**	.724**	.787**	.798**				
		Sig.	.000	.000	.000	.000	.000	.000				
8	Identification of Environment Changes	Correlation	.537**	.822**	.801**	.802**	.847**	.730**	.725**			
		Sig.	.000	.000	.000	.000	.000	.000	.000			
9	Strategic Flexibility	Correlation	.541**	.876**	.857**	.865**	.899**	.932**	.929**	.877**		
		Sig.	.000	.000	.000	.000	.000	.000	.000	.000		
10	Absorptive Capacity	Correlation	.552**	.813**	.832**	.804**	.858**	.762**	.728**	.820**	.836**	
		Sig.	.000	.000	.000	.000	.000	.000	.000	.000	.000	

****. Correlation is significant at the 0.01 level (2-tailed).**

Moreover, Table (4-12) shows that the relationship between strategic learning sub-variables and absorptive capacity strong to very strong, where r

ranging between 0.552 to 0.832, and the relationship between strategic flexibility sub-variables and absorptive capacity is very strong, where r ranging between 0.728 to 0.820. Finally, the relationship between strategic learning and absorptive capacity is very strong, where r equals 0.858, and the relationships between strategic flexibility and absorptive capacity is very strong, where r ranging equals 0.836.

4.4. Hypotheses Analysis:

Before conducting the multiple regressions the study should be robust with the following assumptions: Normality, validity, reliability, correlation should be confirmed. Then to confirm that there is no high correlation between the variables items, Multicollinearity test (Variance Inflation Factor (VIF) and Tolerance test) should be used. Variance Inflation Factor (VIF) should not exceed (10), and the Tolerance value should be greater than (0.05). Also Durbin-Watson should be about 2, which indicates that the errors do not affect the result.

To ensure normal distribution of collected data the Skewness Coefficient is used. If the value of Skewness Coefficient is between (±1), then the data normal distribution is assumed. Also normality histogram shows the normal distribution of data, as shown in figure (2). Also figure (3) shows that there is a linear relationship between variables.

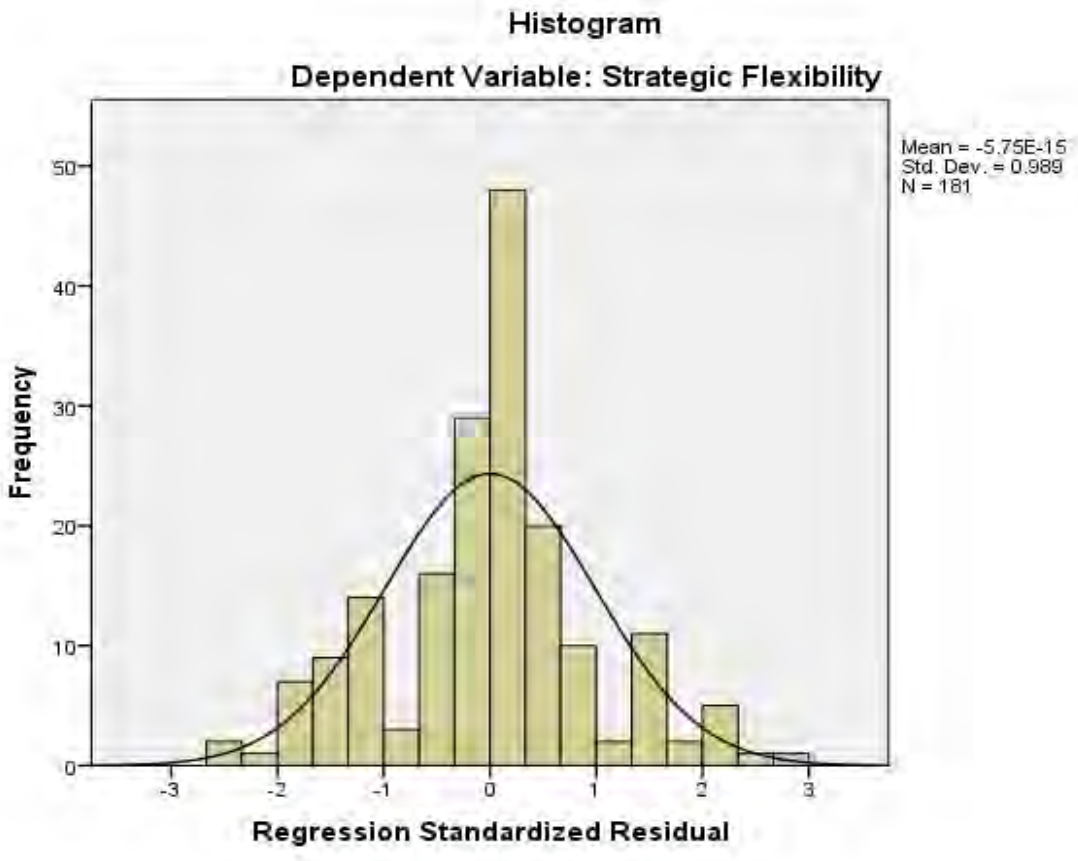
Table (4-13) Results of VIF, Tolerance and Skewness Coefficient

No.	Independent Variables	VIF	Tolerance	Skewness	Durbin-Watson
1	Knowledge Creation	1.558	0.642	-0.171	2.046
2	knowledge Dissemination	4.668	0.214	-0.513	
3	knowledge Interpretation	6.049	0.165	-0.487	
4	knowledge Implementation	4.365	0.229	-0.874	

Table (4-13) shows that there is no Multicollinearity between the variables items, because the values of Variance Inflation Factor are (1.558; 4.668; 6.049; 4.365) respectively, which are less than (10). Also, the values of Tolerance meet the assumption, since Tolerance values ranges between (0.165-0.642) which is greater than (0.10). This indicates that there is no Multicollinearity.

Normality Test: The Zresid histogram figure (2) below, shows that the assumption of normality distribution is met.

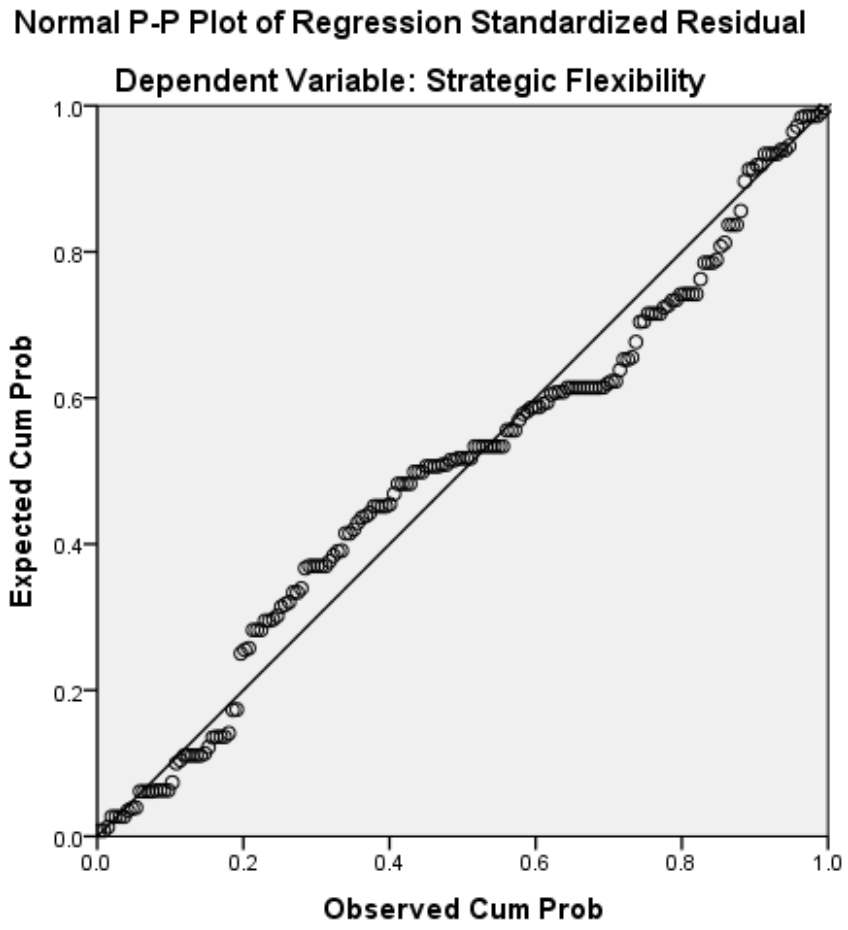
Figure (2): Normality Histogram



Linearity: From figure (3), the plot of normal P-P plot regression standardized residual; it is clear that the linearity assumption is not violated because there is no relation between the predicted and residual values.

Because the scatter-plots of individual variables do not indicate any nonlinear relationships between the dependent variable and the independent variables, therefore, the linearity is guaranteed.

Figure (3): Linearity figure.



4.5. Study Hypotheses Test:

H_{01}: There is no effect of strategic learning (Knowledge Creation, knowledge Dissemination, knowledge Interpretation and knowledge Implementation) on strategic flexibility in Hikma Pharmaceuticals Company, at level ($\alpha \leq 0.05$).

To test this hypothesis, the study uses the multiple regressions analysis to test the effect of strategic learning (Knowledge Creation, knowledge Dissemination, knowledge Interpretation and knowledge Implementation) on strategic flexibility at Hikma Pharmaceuticals Company.

Table (4-14) Multiple Regression Analysis of Strategic Learning on Strategic Flexibility (ANOVA)

Model	r	R^2	Adjusted R^2	F	Sig.
1	0.914	0.835	0.831	222.645	0.000*

*** The impact is significant at level (α≤0.05). Dependent Variable: Strategic Flexibility**

The R^2 value is 0.835; therefore, the model is regarded as being fit to be used for multiple regressions with the data.

The results of the multiple regression analysis that regress the four sub-variables strategic learning are shown on table (4-15) It shows that the four sub-variables together explained 83.5% of the variance, where (R^2 =0.835, F=222.645, Sig.=0.000). Therefore, the null hypothesis is rejected and the alternative hypothesis is accepted, which states that the There is effect of strategic learning (Knowledge Creation, knowledge Dissemination, knowledge Interpretation and knowledge Implementation) on strategic flexibility in Hikma Pharmaceuticals Company, at level (α≤0.05).

Table (4-15) Multiple Regression Analysis of Strategic Learning on Strategic Flexibility (Coefficients)

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.214	0.150		1.433	0.154
	Knowledge Creation	0.055	0.040	0.052	1.373	0.172
	Knowledge Dissemination	0.391	0.064	0.406	6.133	0.000*
	Knowledge Interpretation	0.160	0.076	0.159	2.113	0.036*
	Knowledge Implementation	0.334	0.059	0.364	5.693	0.000*

*** The impact is significant at level (α≤0.05). Dependent Variable: Strategic Flexibility**

The conclusion of table (4-15) shows that the knowledge dissemination sub-variable has the highest effect on Hikma Pharmaceuticals Company strategic flexibility, where (Beta=0.406, sig. =0.000). Thus, it indicates that the knowledge dissemination sub-variable is the most significant, and it positively and directly regresses to Hikma Pharmaceuticals Company strategic flexibility. Followed by the knowledge implementation sub-variable, where (Beta=0.364, sig.=0.000), then the knowledge interpretation sub-variable, where (Beta=0.159, sig.=0.036). While, result shows that knowledge creation does not have significant effect on strategic flexibility at Hikma Pharmaceuticals Company where (Beta=0.052, sig.=0.172).

H_{02}: There is no effect of strategic learning (Knowledge Creation, Knowledge Dissemination, Knowledge Interpretation and Knowledge Implementation) on absorptive capacity in Hikma Pharmaceuticals Company, at level ($\alpha \leq 0.05$).

To test this hypothesis, the study uses the multiple regressions analysis to test the effect of strategic learning (Knowledge Creation, knowledge Dissemination, knowledge Interpretation and knowledge Implementation) on absorptive capacity in Hikma Pharmaceuticals Company.

Table (4-16) Multiple Regression Analysis of Strategic Learning on Absorptive Capacity (ANOVA)

Model	r	R^2	Adjusted R^2	F	Sig.
1	0.863	0.745	0.739	128.349	0.000*

*** The impact is significant at level ($\alpha \leq 0.05$). Dependent Variable: Absorptive Capacity**

The R^2 value is 0.745; therefore, the model is regarded as being fit to be used for multiple regressions with the data.

The results of the multiple regression analysis that regress the four sub-variables strategic learning are shown on table (4-16) It shows that the four

sub-variables together explained 74.5% of the variance, where (R^2 =0.745, F=128.349, Sig.=0.000). Therefore, the null hypothesis is rejected and the alternative hypothesis is accepted, which states that the There is effect of strategic learning (Knowledge Creation, knowledge Dissemination, knowledge Interpretation and knowledge Implementation) on absorptive capacity in Hikma Pharmaceuticals Company, at level ($\alpha \leq 0.05$).

Table (4-17) Multiple Regression Analysis of Strategic Learning on Absorptive Capacity (Coefficients)

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.435	0.181		2.396	0.018*
	Knowledge Creation	0.092	0.048	0.091	1.908	0.058
	Knowledge Dissemination	0.256	0.077	0.273	3.312	0.001*
	Knowledge Interpretation	0.314	0.092	0.320	3.421	0.001*
	Knowledge Implementation	0.229	0.071	0.257	3.224	0.002*

*** The impact is significant at level ($\alpha \leq 0.05$). Dependent Variable: Absorptive Capacity**

The conclusion of table (4-17) shows that the knowledge interpretation sub-variable has the highest effect on Hikma Pharmaceuticals Company absorptive capacity, where (Beta=0.320, sig. =0.001). Thus, it indicates that the knowledge interpretation sub-variable is the most significant, and it positively and directly regresses to Hikma Pharmaceuticals Company absorptive capacity. Followed by the knowledge dissemination sub-variable, where (Beta=0.273, sig.=0.001), then the knowledge implementation sub-variable, where (Beta=0.257, sig.=0.002). While, result shows that knowledge creation does not have significant effect on absorptive capacity at Hikma Pharmaceuticals Company where (Beta=0.091, sig.=0.058).

H_{03}: There is no effect of absorptive capacity on strategic flexibility in Hikma Pharmaceuticals Company, at level ($\alpha \leq 0.05$).

To test this hypothesis, the study uses the simple regressions analysis to test the effect of absorptive capacity on strategic flexibility in Hikma Pharmaceuticals Company.

Table (4-18) Simple Regression Analysis of Absorptive Capacity on Strategic Flexibility (ANOVA)

Model	R	R^2	Adjusted R^2	F	Sig.
1	0.836	0.699	0.698	416.483	0.000*

*** The impact is significant at level ($\alpha \leq 0.05$). Dependent Variable: Absorptive capacity**

The R^2 value is 0.699; therefore, the model is regarded as being fit to be used for simple regressions with the data.

The results of the simple regression analysis that regress the absorptive capacity are shown on table (4-18) It shows that the absorptive capacity explained 69.9% of the variance, where (R^2 =0.699, F=416.483, Sig.=0.000). Therefore, the null hypothesis is rejected and the alternative hypothesis is accepted, which states that the There is effect of absorptive capacity on strategic flexibility in Hikma Pharmaceuticals Company, at level ($\alpha \leq 0.05$).

Table (4-19) Simple Regression Analysis of Absorptive Capacity on Strategic Flexibility (Coefficients)

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.786	0.164		4.789	0.000*
	Strategic Flexibility	0.815	0.040	0.836	20.408	0.000*

*** The impact is significant at level ($\alpha \leq 0.05$) Dependent Variable: Absorptive capacity**

The conclusion of table (4-19) shows that the absorptive capacity has an effect on Hikma Pharmaceuticals Company strategic flexibility.

H_{04}: There is no effect of absorptive capacity on the relationship between strategic learning and strategic flexibility at Hikma Pharmaceuticals Company, at level ($\alpha \leq 0.05$).

To test this hypothesis, the study uses the path analysis to ensure the effect of absorptive capacity on the relationship between strategic learning and strategic flexibility in Hikma Pharmaceuticals Company. As shown in Table (4-20).

From table (4-20) we observe that absorptive capacity has effect on the relationship between strategic learning and strategic flexibility in Hikma Pharmaceuticals Company. The Chi^2 was (96.733) at level ($\alpha \leq 0.05$), whereas the GFI was (0.938) Goodness of Fit Index approaching to one. On the same side the CFI was (0.926) Comparative Fit Index approaching to one, while the RMSEA was (0.072) approaching to zero, as Direct Effect was (0.858) between strategic learning and absorptive capacity, (0.836) between absorptive capacity and strategic flexibility. Also the Indirect Effect was (0.718) between strategic learning on strategic flexibility through absorptive capacity. The T value calculated coefficient effect of the first path (Strategic Learning → Absorptive Capacity) (22.416) which is significant at level ($\alpha \leq 0.05$) while the T value calculated coefficient effect of the second path (Absorptive Capacity → Strategic Flexibility) (20.465which is significant at level ($\alpha \leq 0.05$). This result indicates that absorptive capacity has affect on the relationship between strategic learning and strategic flexibility in Hikma Pharmaceuticals Company. Therefore, the null hypothesis is rejected and the alternative is accepted which states that there is a significant statistical effect of absorptive capacity on the relationship between strategic learning and strategic flexibility at Hikma Pharmaceuticals Company, at level ($\alpha \leq 0.05$).

Table (4-20) Path Analysis of Absorptive Capacity on the Relationship between Strategic Learning and Strategic Flexibility

Variable	Chi^2	GFI	CFI	RMSEA	Sig.*	Direct Effect		Indirect Effect	Path	T value	Sig.*	R^2	
Absorptive Capacity on the relationship between Strategic Learning and Strategic Flexibility	96.733	0.938	0.926	0.072	0.000	Strategic Learning on Absorptive Capacity	0.858	0.718*	SL → AC	22.416	0.000	Absorptive Capacity	0.736
						Absorptive Capacity on Strategic Flexibility	0.836		AC → SF	20.465	0.000	Strategic Flexibility	0.699

GFI: Goodness of Fit Index must Proximity to One
CFI: Comparative Fit Index must Proximity to One
RMSEA: Root Mean Square Error of Approximation must Proximity to Zero
* Indirect effect is multiplied the values of direct effects to variables
SL: Strategic Learning
AC: Absorptive Capacity
SF: Strategic Flexibility

Chapter Five:

Results Discussion, Conclusion and Recommendations

5.1. Results Discussion:

This study raised a number of questions, and developed hypotheses related to the study variables. The study results answered the study questions and came up with the following conclusions:

1. **Knowledge Creation in the Hikma Pharmaceuticals Company was generally high.** This explains that the company interest and works to gather information and new ideas from the market (Siren, 2012).

2. **Knowledge Dissemination in the Hikma Pharmaceuticals Company was generally high**, which indicate that the individuals can easy reach and access to information within the company and this promote a good culture for sharing the information (Siren, 2012).

3. **Knowledge Interpretation in the Hikma Pharmaceuticals Company was generally high,** this result shows that employees of the company seeks to understand any information about the new strategy, and the company is ready to re-establish the basic thinking goals for its work when it gets information on a new strategy (Thite, 2004).

4. **Knowledge Implementation in the Hikma Pharmaceuticals Company was generally high;** this explains that the company benefits from the new environmental information in the development and modification of its strategy (Thite, 2004).

5. **Resources Flexibility in the Hikma Pharmaceuticals Company was generally high,** this result show that the company uses its resources

available in many areas and it has flexible resources enables them to develop and change its strategy (Shimizu and Hitt, 2004).

6. Capacity Flexibility in the Hikma Pharmaceuticals Company was generally high, the results showed that the company has the capacity to maximize the benefits of their resources and exploit the optimal exploitation, and also has the ability to use its resources in the areas of alternative (Shimizu and Hitt, 2004)

7. Identify changes the environment in the Hikma Pharmaceuticals Company was generally high. Which indicate that the company has the ability to identify potential changes and develop alternatives and appropriate solutions to address the environmental changes (Shimizu and Hitt, 2004)

8. Absorptive Capacity in the Hikma Pharmaceuticals Company was generally high. The results showed that the company has the ability to recognize and assimilate the value of new information, also it has the ability to identify acquire externally generated knowledge that are vital to their operations (Zahra & George, 2002).

9. There is a statistically significant effect of strategic learning (knowledge Dissemination, knowledge Interpretation and knowledge Implementation) on strategic flexibility in the Hikma Pharmaceuticals Company at level ($\alpha \leq 0.05$).

These results appeared to be consistent with result of Siren (2012) who found a significant and positive relationship between strategic learning and strategic flexibility. It also agrees with the result of Agterberg (2010) who found that a knowledge society and knowledge economy organizations need to

have sustainable competitive advantages against their competitors, they need to innovate and to have performance.

10. There is a statistically significant effect of strategic learning (knowledge Dissemination, knowledge Interpretation and knowledge Implementation) on absorptive capacity in the Hikma Pharmaceuticals Company at level ($\alpha \leq 0.05$).

This result is supported by the studies of siren (2012) who found that strategic learning is a specific learning capability that enables top management teams to continuously integrate organization-wide experiences and knowledge into strategies that enable companies to cope with growing strategic discontinuities and disruptions. And it also confirmed by the study of Zahra & George (2002) who found that the idea of absorptive capacity has emerged as a concept that bridges across the literature on dynamic capabilities and organizational learning.

11. There is a statistically significant effect of absorptive capacity on strategic flexibility in the Hikma Pharmaceuticals Company at level ($\alpha \leq 0.05$).

These results appeared to be consistent with result of Cohen and Levinthal (1989, 1990) who assigned the term “absorptive capacity” to the general capability of individuals, groups, and firms to recognize the value of new information, choose what to adopt, and apply into innovation. Also confirmed by the study of Crocker and Masten (1988) who found that many organizations impossible to address the competitive forces without some major internal and external structural adjustments that provide greater strategic flexibility.

12. There is a statistically significant mediating effect of absorptive capacity on the relationship between strategic learning and strategic flexibility in the Hikma Pharmaceuticals Company at level ($\alpha \leq 0.05$).

The results showed that absorptive capacity fully mediated the relationship between strategic learning and strategic flexibility, this finding is supported by the studies of Zahra & George (2002) who indicated a positive significant relation between strategic learning and strategic flexibility. And it was also confirmed by the study of Agterberg (2010) who found that in a knowledge society and a knowledge economy organizations need to have sustainable competitive advantages against their competitors, they need to innovate and to have performance. Organizational learning is a way to achieve these features, because, through organizational learning the intellectual capital of an organization can be developed. Managers need to understand the importance of and difficulties in developing strategic flexibility, because being careful and rational is important but not sufficient if managers are to recognize when resource commitments should be halted or reversed and act quickly Shimizu and Hitt (2004).

5.2. Study Conclusion:

1. Knowledge creation in the Hikma Pharmaceuticals Company was generally high.
2. Knowledge dissemination in the Hikma Pharmaceuticals Company was generally high.
3. Knowledge interpretation in the Hikma Pharmaceuticals Company was generally high.
4. Knowledge implementation in the Hikma Pharmaceuticals Company was generally high.

5. Resources flexibility in the Hikma Pharmaceuticals Company was generally high.

6. Capacity flexibility in the Hikma Pharmaceuticals Company was generally high.

7. Identify changes the environment in the Hikma Pharmaceuticals Company was generally high.

8. Absorptive capacity in the Hikma Pharmaceuticals Company was generally high.

9. There is a statistically significant effect of strategic learning (knowledge Dissemination, knowledge Interpretation and knowledge Implementation) on strategic flexibility in the Hikma Pharmaceuticals Company at level ($\alpha \leq 0.05$).

10. There is a statistically significant effect of strategic learning (knowledge Dissemination, knowledge Interpretation and knowledge Implementation) on absorptive capacity in the Hikma Pharmaceuticals Company at level ($\alpha \leq 0.05$).

11. There is a statistically significant effect of absorptive capacity on strategic flexibility in the Hikma Pharmaceuticals Company at level ($\alpha \leq 0.05$).

12. There is a statistically significant mediating effect of absorptive capacity on the relationship between strategic learning and strategic flexibility in the Hikma Pharmaceuticals Company at level ($\alpha \leq 0.05$).

5.3. Recommendations:

On the light of the current study results and conclusions, the following recommendations can be drawn:

Recommendations for Pharmaceutical Industry:

May help Hikma Pharmaceuticals Company to enhance their absorptive capacity strategic learning, strategic flexibility:

1. Company has to interest in collecting information and new ideas.
2. Company has to develop reach and access ways to information within the company by individuals in need.
3. Company should train the employees to understand the views of each other any information about the new strategy.
4. All employees of the company have to seek to understand the views of each other any information about the new strategy.
5. Events should change on the company's systems and operating procedures in light of new information.
6. The top management has to enable the company's resources to deal with a wide range of changing environmental conditions.
7. The company has to enhance the ability of use its resources in the areas of alternative.
8. The company has to enhance the ability of identify potential changes to the environment.
9. The company has to enhance the ability to identify and acquire externally generated knowledge that is vital to their operations.

Recommendations for Academicians and Future Studies:

This study is carried out on Al-Hikma Pharmaceutical Company, so the study recommends performing similar studies on other Pharmaceutical Companies in Jordan.

The results of this study are limited to Pharmaceutical industry; therefore the study recommends carrying our similar studies on other industries in Jordan.

Generalizing Jordanian setting to other countries is questionable, so the study recommends implementing similar study on other countries, especially Arab countries, because they are similar in their social and cultural factors.

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Appendices

جـــامـعـــة الـــشـــرق الأوســـط
MIDDLE EAST UNIVERSITY

Questionnaire

Investigating the Mediating Effect of Absorptive Capacity on the Relationship between Strategic Learning and Strategic Flexibility: (Hikma Pharmaceutical Company: A Case Study)

Dear Sir,

The main objective of this research titled "Study mediator absorptive capacity in the relationship between strategic strategic flexibility (Hikma Pharmaceuticals: A Case Study" is to study the absorptive capacity of the mediator in the relationship between strategic learning and strategic flexibility. Contributed to this research will provide some solutions to overcome the obstacles in the application of strategic learning and strategic flexibility on the Jordanian pharmaceutical companies.

We appreciate your cooperation in all parts of the questionnaire, Cartridge note that the information will be used to collected for the purposes of research only.

If the company is interested in the results of this study, please write your email .....

Part I: General Information

A desire to participate in this study and provide your views and your experiences in the study of the mediator of the ability of absorptive in the relationship between learning and strategic flexibility strategic depending on

your experience please take a full-time no more than ten minutes to answer all the paragraphs of this questionnaire note that this information will be confidential and will not deal with However, for the purposes of scientific research. Cares about the first part of the questionnaire to collect general information about your company, please provide information on the following categories:

- Gender

☐ Male ☐ Female

- Age

☐ Less than 30 ☐ From 30- less than 35

☐ From 35 - less than 40 ☐ From 40 – less than 45

☐ More than 45

Education

☐ Diploma ☐ BSc

☐ Master ☐ PhD

Experience

☐ Less than 5 years ☐ From 5- less than 10 years

☐ From 10- less than 15years ☐ 15 years and more

Administrative level

☐ Top management ☐ Middle management ☐ Low management

Part II:

This part of the questionnaire gathers information on factors that play a role in the study of the mediator of absorptive capacity in the relationship between strategic learning and flexibility strategy, was used Likert scale-voltage from Strongly Disagree (5) to strongly disagree (1), please take into account the attachment of some terms procedure that may help you in choosing the appropriate answer, please choose one answer for each paragraph of paragraphs ticking (X) in front of the check:

No.	Sentence	1	2	3	4	5
Knowledge Creation						
1	The company works to gather information from market					
2	The aim of the company is to acquire external knowledge to develop projects that could lead to enter into new business areas					
3	Company is interested in collecting information and new ideas					
4	The company urging workers to acquire new ideas into new markets such as admission					
Knowledge Dissemination						
5	The company works to promote a culture of sharing information					
6	Easy reach and access to information within the company by individuals in need					

7	Representatives of Directors on a regular basis to discuss all issues of strategic importance					
8	The exchange of relevant information between various departments Strategy Company					
9	When it gets any section of the company's important information is circulated to all parts of the company					
Knowledge Interpretation						
10	When the company faces new information of strategic importance managers meet to determine the potential effects of such information on the company					
11	All employees of the company seeks to understand the views of each other any information about the new strategy					
12	All sections and departments of the company's appear full readiness to reconsider its decisions when the emergence of a new information strategy					
13	Is usually assessment methods used in interpreting the information in the company's new foreign					
14	When the company gets information on a new strategy divisions and departments are ready to re-establish the basic thinking goals for its work					
Knowledge Implementation						
15	The company uses strategic information gained in order to improve their use					
16	Events are changes on the company's systems and operating procedures in light of new information					
17	The company benefits from the new environmental information in the development and modification of its strategy					
18	The company adopts the recommendations made by the various divisions and on how to take advantage of new environmental information					
Resources Flexibility						
19	The company is committed to providing resources crisis in the recruitment of new information					
20	Enables the management of the company's resources to deal with a wide range of changing environmental conditions					

21	The company uses its resources available in many areas					
22	The company has flexible resources to enable them to develop and deliver products and marketing - different services					
Capability Flexibility						
23	Characterized by the company to their capacity to maximize the benefits of their resources and exploit the optimal exploitation					
24	The company has the ability to use Visual-resources by subdivision and the various administrative divisions					
25	The company has the ability to use its resources in the areas of alternative					
26	The company has the ability to change the use of alternative resources to another					
Identification of Environment Changes						
27	The company has the ability to identify potential changes to the environment					
28	The company has the ability to deal with environmental changes in a flexible					
29	The company has the ability to develop alternatives and appropriate solutions to address the environmental changes					
Absorptive Capacity						
30	The company has the ability to recognize the value of new information					
31	The company has the ability to assimilate the new information					
32	The company has the ability to applied the new information					
33	The company has the ability to identify and acquire externally generated knowledge that are vital to their operations					
34	The company has the ability to develop routines that facilitate combining existing knowledge and the newly acquired knowledge absorbed and applied it					
35	The company has the ability to develop and refine routines business that facilities combining existing					

	knowledge and the newly acquired knowledge to gain financial benefit					
36	The company has the acquire knowledge in goods and services that get financial benefit					

No.	Factors		Reference
1	Absorptive Capacity	Potential	(Cohen and Henderson,1998) (Zahra and George 2002)
		Realized	
2	Strategic Learning	Knowledge Creation	(Siren A. Charlotta, 2012), (Thite, 2004)
		Knowledge Dissemination	
		Knowledge Interpretation	
		Knowledge Implementation	
3	Strategic Flexibility	Resources Flexibility	(Shimizu and Hitt,2004). (li et.al,2008)
		Capability Flexibility	
		Identification of Environment Changes.	

جامعة الشرق الأوسط
MIDDLE EAST UNIVERSITY

الإستبيان

دراسة أثر الوسيط للقدرة الاستيعابية في العلاقة بين التعلم الاستراتيجي والمرونة الإستراتيجية

(شركة أدوية الحكمة : دراسة حالة)

السيد المحترم

الهدف الأساسي لهذا البحث هو " دراسة الوسيط للقدرة الاستيعابية في العلاقة بين التعلم الاستراتيجي والمرونة الاستراتيجية (شركة أدوية الحكمة : دراسة حالة)". سوف يساهم هذا البحث في تقديم بعض الحلول للتغلب على العوائق في تطبيق التعلم الاستراتيجي والمرونة الاستراتيجية على شركات الأدوية الأردنية

نقدر تعاونكم في تعبئة جميع أجزاء الإستبيان علماً بأن سيتم استخدام المعلومات التي تم جمعها لاغراض البحث العلمي فقط .

اذا كانت الشركة تهتم في نتائج هذه الدراسة يرجى وضع علامة في الخانة التالية وتسجيل البريد الالكتروني الخاص بك .....

الباحث : غالب أبو شهاب

مرشح للحصول على درجة الماجستير ، قسم أدارة الاعمل ، كلية الأعمال

جامعة الشرق الأوسط للدراسات العليا

عمان ، الأردن

الجزء الأول : المعلومات العامة

رغبةً منا في المشاركة في هذه الدراسة وتقديم وجهات نظركم وخبراتكم في دراسة الوسيط للقدرة الاستعابية في العلاقة بين التعلم الاستراتيجي والمرونة الاستراتيجي اعتمادا على خبرتكم نرجو منكم التفرغ ليس لاكثر من عشر دقائق للاجابة عن فقرات هذا الاستبيان علما بأن هذه المعلومات سوف تكون سرية ولن نتعامل بها إلا لأغراض البحث العلمي .

يهتم الجزء الاول من الاستبيان بجمع المعلومات العامة حول شركتكم ، يرجى تقديم المعلومات عن الفئات التالية :

1. الجنس

☐ ذكر ☐ أنثى

2. العمر

☐ اقل من 30 ☐ من 30- اقل من 35

☐ من 35- اقل من 40 ☐ من 40- أقل من 45

☐ 45 فإكثر

3. المؤهل العلمي

☐ دبلوم ☐ بكالوريس

☐ ماجستير ☐ دكتوراه

4. عدد سنوات الخبرة

☐ أقل من 5 سنوات ☐ من 5 سنوات - اقل من 10 سنوات

☐ من 10-أقل من 15 سنوات ☐ أكثر من 15 سنة

5. المستوى الإداري

☐ ادارة عليا ☐ إدارة وسطى ☐ ادارة دنيا

الجزء الثاني :

هذا الجزء من الاستبيان يجمع معلومات عن العوامل التي تلعب دوراً في دراسة الوسيط للقدرة الاستيعابية في العلاقة بين التعلم الاستراتيجي والمرونة الاستراتيجية ،تم استخدام مقياس ليكرت الخامسي من اوافق بشدة (5) إلى لا أوافق بشدة (1) ، ارجو الأخذ بعين الاعتبار المرفق ببعض المصطلحات الأجرائية التي قد تساعدك في اختيار الإجابة المناسبة ،الرجاء اختيار اجابة واحدة فقط لكل فقرة من الفقرات بوضع اشارة (X) امام الاختيار

الرقم	السؤال	5	4	3	2	1
	خلق المعرفة					
1	تعمل الشركة على جمع المعلومات من السوق					
2	ان الهدف من قيام الشركة باكتساب المعرفة الخارجية هو لتطوير مشاريع قد تؤدي الى الدخول في مجالات عمل جديدة					
3	تهتم الشركة بجمع المعلومات والأفكار الجديدة					
4	تحث الشركة العاملين على اكتساب أفكار جديدة كالدخول في أسواق جديدة					
	توزيع المعرفة					
5	تعمل الشركة على تعزيز ثقافة التشارك بالمعلومات					
6	يسهل الوصول والحصول على المعلومات داخل الشركة من قبل الأفراد المحتاجين لها					
7	يجتمع ممثلون من ادارة الشركة بشكل منتظم لمناقشة كل القضايا ذات الأهمية الاستراتيجية					
8	يتم تبادل المعلومات ذات الاهمية الاستراتيجة بين الادارات المختلفة بالشركة					
9	عندما يحصل اي قسم من اقسام الشركة على معلومات ذات أهمية يتم تعميمها على جميع اجزاء الشركة					
	تفسير المعرفة					
10	عندما تواجه الشركة معلومات جديدة ذات اهمية استراتيجية يجتمع المدراء لتحديد الآثار المحتملة لتلك المعلومات على الشركة					
11	يسعى كافة العاملين بالشركة الى تفهم وجهات نظر بعضهم البعض حيال اي معلومات استراتيجية جديدة					
12	تبدي أقسام ودوائر الشركة الاستعداد التام لاعادة النظر في قرارتها عند ظهور معلومات استراتيجية جديدة					

13	عادة ما يتم تقييم الاساليب المستخدمة في الشركة في تفسير المعلومات الخارجية الجديدة					
14	عندما تحصل الشركة على معلومات استراتيجية جديدة تكون اقسامها ودوائرها مستعدة لاعادة التفكير بالاهداف الاساسية لعملها					
تنفيذ المعرفة						
15	تستخدم الشركة المعلومات الاستراتيجية التي اكتسبتها بهدف تحسين استخدامها					
16	يتم احداث تغيرات على انظمة الشركة واجراءات عملها في ضوء المعلومات الجديدة					
17	تستفيد الشركة من المعلومات البيئية الجديدة في تطوير وتعديل استراتيجتها					
18	تتبني الشركة التوصيات المقدمة من مختلف اقسامها وبشأن كيفية الاستفادة من المعلومات البيئية الجديدة					
مرونة الموارد						
19	تلتزم الشركة بتوفير الموارد اللازمة في ضوء المعلومات الجديدة					
20	تمكن موارد الشركة ادارتها من التعامل مع مدى واسع من الظروف البيئية المتغيرة					
21	تستخدم الشركة مواردها المتاحة في مجالات عديدة					
22	تمتلك الشركة موارد مرنة تمكنها من تطوير وتقديم وتسويق منتجات – خدمات مختلفة					
مرونة القدرات						
23	تمتاز الشركة بمقدرتها على تعظيم الفائدة من مواردها واستغلالها الاستغلال الأمثل					
24	تمتلك الشركة القدرة على تنسيق استخدام مواردها من قبل وحداتها واقسامها الادارية المختلفة					
25	تمتلك الشركة القدرة على استخدام مواردها في مجالات بديلة					
26	لدى الشركة القدرة على تغيير استخدام مواردها من بديل الى آخر					
تحديد التغيرات البيئة						
27	لدى الشركة القدرة على تحديد التغييرات البيئة المحتملة					
28	لدى الشركة القدرة على التعامل مع التغييرات البيئية بشكل مرن					
29	لدى الشركة القدرة على وضع البدائل والحلول الملائمة لمواجهة التغييرات البيئية					
القدرة الاستيعابية						

30	لدى الشركة القدرة على التعرف على قيمة المعلومات الجديدة					
31	لدى الشركة القدرة على استيعاب المعلومات الجديدة					
32	لدى الشركة القدرة على تطبيق المعلومات الجديدة لغايات تجارية					
33	لدى الشركة القدرة على تحديد واكتساب المعرفة المتولدة خارجيا التي تعتبر حيوية لعملياتها					
34	لدى الشركة القدرة على تطوير آليات العمل التي تسهل الجمع بين المعرفة القائمة والمعرفة المكتسبة حديثا واستيعابها وتطبيقها					
35	لدى الشركة القدرة على صقل آليات العمل التي تسهل الجمع بين المعرفة القائمة والمعرفة المكتسبة وتطويرها للحصول على الفائده المالية					
36	لدى الشركة القدرة على تطبيق المعرفة المكتسبة حديثا في المنتج او الخدمات التي يمكن الحصول على فائدة مالية منها					

الرقم	المتغيرات		المرجع
1	القدرة الاستيعابية	المحتملة	(Cohen - &Henderson ,1998) (Zahra & - George 2002)
		المدركة	
2	التعلم الاستراتيجي	خلق المعرفة	(Siren, 2012), (Thite, 2004)
		نشر المعرفة	
		تفسير المعرفة	
		تطبيق المعرفة	
3	المرونة الاستراتيجية	مرونة الموارد	.(Shimizu&Hitt,2004) (li et.al,2008)
		مرونة القدرات	
		التغير البيئي	