The Impact of Work Social Support on Firm Innovation Capability: The Meditational Role of Knowledge Sharing Process and Job Satisfaction and Moderating Role of Organizational Trust

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Abstract  
This paper investigates whether social support at workplace, organizational trust, knowledge sharing process and satisfied employees enable the firm to improve innovation capability. Using cross sectional data and analysis shows that the work social support, organizational trust, knowledge sharing process and job satisfaction are not only significantly associated with each other but it also enhanced the innovation capability of firm. Our sample comprised 534 employees working within banks situated throughout the Southern Punjab, Pakistan. The practical implication is helpful for top management of banking industry who wants to make their firm capable to innovate.

Keywords: Work Social Support, Firm Innovation Capability, Knowledge Sharing Process, Job Satisfaction, Organizational Trust

I. Introduction  
Creative collapse can open with constantly innovating and managing strategic change (Ahuja and Lampert, 2001). Firms that consider this collapse as market challenges and innovate or adapt according to the environment will get competitive advantages. Innovation capability acts as a key element for success of any firm (Alasoini et al. 2007). It can be assumed that an organization’s performance and growth are more dependent on its capability to innovate (Francis and Bessant, 2005). These capabilities can be
categorized as adaptation, integration and rearrangement (Teece, G. Pisano, and A. Shua, 1997).

The concept of “innovation” has a meaning of newness; it is basically generation and development of idea for organized success (Damanpour, 1996). Innovation is considered as an important tool which is used either as a pre-emptive action or response to change in the external environment (Damanpour, 1996). According to Yang et al. (2006), development of resources, organizational skills and functional competencies with value addition is important element for innovation capability. Firm innovation capability requires strong management commitment at every level especially top management should be highly concerned for collecting new ideas from different levels of organization and this cannot be possible without support at workplace (Driscoll, 1978; Freund, 2003). Work social support has important relationship in literature which can add value in current study. It determines that how much people are perceived as helpful and dependable at workplace (Greenhaus and Parasuraman, 1994). It is basically describes the social relationships that mingle employees together in order to expand their capability to remove the stress at workplace (Karasek et al., 1998). Moreover support at workplace increase whenever coworkers and supervisors support each others in their tasks with sharing of knowledge and expertise (Zhou and George, 2001).

Many researchers focused on importance of knowledge sharing and argued that it can enhance capability for innovation and learning of organization (Calantone et al., 2002; Scarbrough, 2003; Wang and Noe, 2010). As Wang and Noe, (2010) describe employee’s satisfaction and commitment may increase when they share their experiences and ideas. Social support at workplace and sharing of knowledge will build trustworthy relationship that is important pillar for the wellbeing of employee (Batt and Purchase, 2004). This study continues with the aim to explain the impact of work social support on firm’s innovation capability with moderating role of organizational trust and mediating role of knowledge sharing process and job satisfaction. Moreover we seek to extend the firm innovation capability literature by generating and testing theory regarding how work social support, knowledge sharing process, job satisfaction and organizational trust contribute to exacerbation of outcome such as innovation capability. This research grounded the analysis on the bases of social exchange theory due to few reasons. First, social exchange theory, with its emphasis on current contribution leads towards future returns, is particularly well suited to the situation typically experienced by organization where support or trust at workplace will leads towards sharing of knowledge and ultimately through these potential its enhance the innovation capability of firm (Kratape, 2007; Dev Dutta, 2013). Second, social exchange theory emphasis on reciprocal, mutually rewarding relationships, it is well suited when organizations provide employees a supportive or trustworthy environment so that they can share their knowledge and get satisfied in return organizations get innovative ideas and get competitive edge.

Testing of model present in this article is on the bases of cross-sectional design using a sample of 534 employees from ten branches of five banks located in southern Punjab, Pakistan. Finding of this study shows that how supportive or trustworthy environment will create process to share knowledge which leads towards job satisfaction and innovation capability. Due to significant impact of globalization and rapid changes in world organizational culture shifted from bureaucratic to innovative (Uzkurt et al. 2013).
Culture of any organization is the most important element which facilitates the firm’s continued operation and action (Chang and Lin, 2007). According to Siguaw et al. (2006), organizations become learning oriented when they give more attention towards general innovative project rather than specific innovation projects for example they develop innovation capability by sharing and modifying the ideas through employees.

Organizational climate develop with the help of more than one individuals and it becomes strong by the social support of these individuals. Social support can improve the quality of organizational climate through interpersonal relationship (Bunk, 1989). Social support can be defined as “an interpersonal transaction that consist emotional, instrumental, and informational, appraisal support” (Carlson and Perrewe, 1999, Kratape, 2014). Work Social support can also be defined as the feeling of and care for employees with their colleagues who work for an organization (Chen at el., 2008).

According to House, (1981) work social support has two sources (supervisor and co-worker support) and four types of support (instrumental, informational, emotional and appraisal). Where supervisor support is when employees are more conscious about their well beings and perceive supervisor consider and value their contributions (Kottke and Sharafinski, 1988). Similarly Blau’s (1964) Social Exchange Theory (SET) focus on job engagement and management which can be achieve through social and emotional support. This theory also describe that social web of organization are developed through trusting and qualitative relationship of employees with co-workers and supervisor (Kratape, 2013). Many disciplines consider trust as an important element. In marketing text, trust has been perceived by the firms in maintaining good relation with customers (Doney and Canon, 1997). While in knowledge management area, trust is important for sharing of knowledge (Nelson and Cooprider, 1996). Van Den Akker et al. (2009) define trust as positive.

II. Literature Review

Expectation of party to perform particular action which is important for one self. According to Cook and Wall, (1980) trust is important element for well-being of people at workplace. Mayer, Davis and Schoorman (1995) present model of organizational trust where he focused, in case of trust development there are two parties involve trustee (individual who is being trusted) and trustor (individual who trust on other party). He also describes the two dimensions of trust with respect to source originated from. First is from trustee’s side that is competency/ability/expertise, benevolence and integrity. Second is from Trustor’s side that is calculus-based, knowledge-based and identification based trust. In current study I will take source originated from trust or side in order to measure dimension of trust where: Calculus-based trust- the characteristic of calculus based is control of behavior. It is initial base trust where perceived benefit and consequences are considered (Lewicki and Bunker, 1995). Knowledge-based trust-exchange of information is the main characteristic of knowledge based trust which can be gain through repeated interaction (Wu. et al., 2009). Identity-based trust- is basically mutually understanding and identity. Main characteristic of Identity based trust is sharing of strategy and values (Lewicki and Bunker, 1995). At this level each party wants to sustain the relationship of trust by understands each other’s (Tuan, 2013).
While Cummings, (2003) discussed that effective knowledge sharing occur in environment where there is strong relationship between source and recipients of knowledge. Knowledge can’t be shared forcefully (Tuan, 2013) it can be shared by the willingness of people at workplaces (Gibbert and Krause, 2002). Hooff and Weenen (2004b) suggested there are two processes of knowledge sharing, knowledge donation and collection. Knowledge is asset of employees and when they communicate it willingly is called knowledge donation. Knowledge collection is learned or share from colleagues what they know, it can be collected from different sources either internal from organization or external from the market. The basic aim of knowledge collection is to transfer of knowledge. So knowledge sharing processes are dynamic where knowledge transfers in order to access their intellectual capital (Hooff and Ridder, 2004). Whenever employees performing their responsibilities they are more satisfied with their jobs (O'Reilly, Chatman, & Caldwell, 1991). Satisfied employees are more motivated, empowered, considering to fulfill firms’ goals (Pantouvakis et al., 2013). According to Locke (1969) job satisfaction is defined as “a pleasurable emotional state that results from an individual appraisal of one’s job”. Similarly Brief (1998) take job satisfaction as “an internal state that is expressed by affectively and/or cognitively evaluating an experienced job with some degree of favors or disfavor.”

III. Research model

This study explores the drivers of innovation that makes firm capable to innovate. These drivers are social support at workplace, organizational trust, knowledge sharing process and satisfied employees. To the realization of firm innovation capabilities, trust plays an important role as a moderator, role of knowledge sharing process and job satisfaction as mediating variables. Supportive culture can only develop through trustworthy climate (Krot and Lewicka, 2011) According to Yet Herting, (2013) trust has positive relationship with administrative innovativeness. Due to impulsive and volatile nature of innovation processes there is need of supportive and psychological safety with trust. Krot and Lewicka, (2011) identified positive relationship between organizational trust in supervisors and innovation. On the basis of prior studies the present study hypothesizes that:

H1. Organizational trust moderates the relationship between work social support and firm innovation capability.

Research shows that firm develops competitive strategies through knowledge sharing process (Ding et al. 2013). New opportunities and ideas will arise when employees contribute in knowledge sharing process willingly (Darroch and McNaughton, 2002). Researchers also believe that organizational innovativeness will develop when firms exploit and transfer their knowledge. According to Liebowitz (2002) and Lin (2007), firm innovation capability is enhanced through knowledge sharing process. Knowledge sharing process is an antecedent of innovation (Tsai, 2001; Zahra and George, 2002; Camison and Fore’s, 2010). Similarly social support is also considered as one of the important prospective influences of organizational knowledge (Connelly and Kelloway, 2003). Literature proves that by motivating employees in sharing of their knowledge will develop social structure where social support in workplace is important (Butler, 2011). Many researchers focused on supportive culture which is developed not only through manager but also through colleagues or employees support as well.
According to Lin (2007), knowledge sharing process cannot grow without the support of top management.

According to Saleh and Wang, (1993) organizational culture gives benefit when it develops innovative-supportive environment. Moreover knowledge sharing behavior will also develop among employees, if trust exists at work place (Cook and Wall, 1980 and McAllister, 1995). Renzl (2008) pointed that trust increases when people willingly contribute in discussions and share their knowledge and it can also be increase when people have reducing the fear of losing their unique value. Accordingly, in further elaborating upon preceding hypothesis regarding the interaction effect of work social support and organizational trust, we contend that the effect of work social support on firm innovation capability relies on the level of organizational trust (Mc.Allister, 1995) required and that such moderation effects will be observed by knowledge sharing process (Mc.Allister, 1995;Butler, 2011 ). In sum, it is hypothesize that:

**H2.** Organizational Trust moderates the meditational relationship of Knowledge sharing process between work social support and firm innovation capability.

With existing research on the firm innovation capability, work social support and knowledge sharing process relationship indicates that greater specificity was needed in developing a more informed understanding of this relationship. It is obvious from literature that there is positive relationship between supervisor supports, co-worker support; organizational culture and job satisfaction (Allen, 2003;Lu et al., 2009; Lyness et al., 1999; Mauno et al., 2006; Thompson et al., 1999; Carlson and Perrewe, 1999).According to Allen (2001), work social support, especially supervisor support had positive effects on employee job attitudes. Similarly whenever supervisors provide technical and emotional support and guidance in work related tasks he/she perform his/her basic role relating to job satisfaction (Robbins et al., 2003). Hence many researchers prove those supervisors who are more concerned with employees rather than productions have satisfied workers (Packard and Kauppi, 1999; Brewer and Hensher, 1998).

**H3.** Organizational Trust moderates the meditational relationship of Knowledge sharing process and job satisfaction between work social support and firm innovation capability.

**Figure 1: The framework of the study**
IV. Methodology

This study is about firm innovation capability where social support at workplace, organizational trust, knowledge sharing process and satisfied employees play important role in making firm capable to innovative. The overall study has followed the framework presented in figure 1. This research utilizes cross sectional data for evidence on relationship as conceptualized in framework. Target population for this study is the employees of private banks of southern Punjab, Pakistan. Data will be collected from Officer Grade employees of bank from OGIII to executive level who are directly or indirectly involved in decision making process at certain levels. Banks has been chose for data collection on the bases of convenient sampling. Selected banks are Summit bank, Faysal Bank, Allied Bank, Habib bank limited, Standard Chartered bank, Askari bank, Muslim Commercial bank, Soneri bank and United bank Limited. For data collection fifty branches have been taken; five from each bank has been chosen on the bases of purposive sampling. Ratios of 11 to 12 responses were collected from each branch of ten banks. “Purposive sampling” technique has been used to collect the data. Employees who are expected to become part of strategic decision making have been included in data collection. These include managers, operational manager, cashier and departmental heads. Structured Questionnaire has been used for data collection.

Primary data is gathered through a structured questionnaire. For the purpose of data analysis SEM was used. AMOS (Analyses of Moment Structures) was used to apply SEM. Data processing was done through the statistical package SPSS 16 (statistical package for social science). The following measures consist of items with responses that were taken on a 5-point Likert-type scale ranging from “strongly disagree” (coded with 1) to “strongly agree” (coded with 5). Firm innovation capability was measured using six items (α=.782) scale derived from Calantone et al. (2002) that focused on firm rate of innovation. Work social support is a two dimensional scale and is measured by 9-items (α= 0.776). These dimensions include supervisor support and co-worker support where levels of support from their supervisor were measured using 4 items scale by O’Driscoll, Brough and Kalliath, (2004) and level of co-worker support is measured by 5 items scale given by Hammer et al. (2004). Knowledge sharing process was measured (α=.934) by knowledge donation and collection where knowledge donating was measured using three items adopted from an investigation by Van den Hooff and Van Weenen (2004a), which assessed the degree of employee willingness to contribute knowledge to colleagues. Knowledge collected was measured using four items derived from Van den Hooff and Van Weenen (2004a), which referred to collective beliefs or behavioral routines related to the spread of learning among colleagues.

Job satisfaction was measured by using ten items (α=.761) derived from Scott Macdonald and Peter Maclntyre, (1997). The items in the scale focused on the employee’s feelings or reactions towards aspects of their jobs. The construct of organizational trust consists of three dimensional scales (α=.821) and is measured by 16-items scale which was adopted from Nguyen’s (2005) measurement predicated on studies by Nyhan and Marlowe (1997), Nooteboom et al. (1997), and Cummings and Bromiley (1996). The three types were: calculus-based trust which includes five items, knowledge-based trust – seven items, and identification-based trust – four items.
V. Results and Findings

Data analyses have been done in two phases. In first phase descriptive statistics and correlation of coefficients among variable have been analyzed through SPSS. It is also useful for measuring the reliability of adopted instrument. In second phase confirmatory factor analysis (CFA) in AMOS has been used for analysis.

A. Descriptive statistics

Descriptions of responses are according to gender, age, designation and education. Where 534 respondents were taking as sample (74.7% are male, n=399; 25.3 % are female, n=135). The respondents from age 25-35 years old gives maximum responses that is 69.5% which shows most of the employees in banks are young blood. While responses gives from age group between 36-45 years old and 46 and above are 23.6% and 6.9% respectively. Designation is measured into three levels: OG I, II and III where 53.6% responses come from level OGI while 19.3% and 27.2% come from OGI and OGIII respectively. We come to know the responses with respect to education where four categories are there MA, MBA, Graduates and others. Maximum responses come from those employees who got MBA degree that is 51.9%. In category of “others” responses come from M. Phil, M.sc and diploma holders, are 28.3%. While responses from M.A and Graduates employees are 10.3% and 9.6% respectively. The means, standard deviations and correlations among variables are displayed in Table 2. From table-1 we can see that all variables are statistically and significantly correlated with each (p<.01). Inter correlation shows that each variable is different from others and can be used to measure the other variable of same construct (Sekaran, 2000).

Table 1: Individual-level Descriptive Statistics and Inter-correlations among Measures

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>Standard deviation</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Work Social Support</td>
<td>3.69</td>
<td>.539</td>
<td>(.776)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Organizational Trust</td>
<td>3.54</td>
<td>.436</td>
<td>.451**(.801)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Knowledge Sharing Process</td>
<td>3.60</td>
<td>.556</td>
<td>.486**.510**(.766)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Job Satisfaction</td>
<td>3.59</td>
<td>.495</td>
<td>.576**.534**.455**(.761)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Firm Innovation capability</td>
<td>3.50</td>
<td>.623</td>
<td>.623**.424**.429**.479**(.766)</td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

*n =320; reliability coefficients for the scales are in parentheses along the diagonal. ** p ≤ .01

B. Factor Analysis

The second phase of research is factor analyses. The study refers to the prior research to design questionnaire items. Therefore, the measurement of this study is acceptable in content validity. Besides, there are several measures to confirm the reliability and validity of the constructs. In addition, it is also important to verify whether the validity of the measurement in this study is acceptable. This study applies Fornell and Larcker’s measure of average variance extracted (AVE) to evaluate the discriminate validity of the measurement (Fornell and Larcker, 1981). The AVE measures the amount
of variance captured by the construct through its items relative to the amount of variance due to the measurement error. To satisfy the requirement of the discriminate validity, the square root of a construct’s AVE must be greater than the correlations between the construct and the other ones in the model. It demonstrates that there is adequate discriminate validity between constructs. The square roots of all constructs’ AVEs in Table 4 of this study are all more than the correlations among all constructs in Table 1. Therefore, the discriminate validity of the measurement is acceptable. Besides, if the AVE of a construct is higher than 0.5, it means that there is convergent validity for the construct. As shown in Table 4, the AVEs of the four constructs are 0.727, 0.676, 0.666, and 0.727 which are all higher than 0.5. It indicates that the convergent validity of the measurement is acceptable. According to the above results, the reliability and validity in this study are adequate.

C. Testing the Measurement Model

On the bases of literature and research questions, developed hypothesis is being tested now. For this, standardized regression weights and paths are analyzed that either paths are significant or non-significant. Direct and indirect relationship between variables has been also identifying. Analysis of hypothesis is shown in Table 5. The path coefficient from WSS to FIC is non-significant with p=0.265, β=2.950 and t-value=1.14 it shows that there is no positive relationship exist between these constructs. So, the findings do not support the hypothesis 1. It means that organizational trust does not strength the relationship between WSS and FIC.

Rejection of hypothesis 1 in current study is due to taking OT as moderator while researchers take organizational trusts as mediator (Yet Herting, 2013). Previous studies showed significant relationship between these construct. For example Krot and Lewicka, (2011) describe the significant relationship between trust, supervisory support and innovation. While in current study organizational trust is not an important factor for improving the relationship between WSS and FIC. Table 5 shows the findings of path coefficient from MOD1XWSS to FIC through KSP is significant with p=.023, β =2.830, t-value=1.022 and S.E=0.431. The findings show that there is significant relationship between OTXWSS and FIC with mediating effect of KSP.

Thus, supporting H2 which is explains, innovative and supportive culture develop when organizational trust at workplace increase and employees are willingly share their knowledge. Prior studies also support this; that trustworthy environment at workplace motivates employees to share their knowledge in order to enhance the innovation capability of any firm (Connelly and Kelloway, 2003; Cook and Wall, 1980 and McAllister, 1995). The outcomes from table 5 describe that the regression path from MOD1XWSS to FIC through KSP and JS is significant with p=0.000, t-value=1.069, SE=0.401 and β=2.768. This is leads towards acceptance of hypothesis 3 which states that effect of OT –WSS-FIC make the relationship more strong with addition of dual mediator KSP and JS. Simultaneous effects of KSP and JS on WSS to FIC not show before in literature. However, their separate effect is evident from literature for example employees are more satisfied with their job when supervisors and co-workers fully guided technically and emotionally (Robbins et al., 2003; Berta 2005) and no criticism is there in sharing of or exchange of new ideas (Luhmann, 1979; O’Reilly, Chatman, & Caldwell, 1991).
Table 5: Analysis of Hypothesis

<table>
<thead>
<tr>
<th>Path</th>
<th>SEM Output: Modified Model</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Standardized</td>
<td>S.E</td>
</tr>
<tr>
<td>H1: MOD1XWSS</td>
<td>FIC</td>
<td>2.950</td>
</tr>
<tr>
<td>H2: MOD1XWSS</td>
<td>KSP</td>
<td>FIC</td>
</tr>
<tr>
<td>H3: MOD1XWSS</td>
<td>KSP</td>
<td>JS</td>
</tr>
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VI. Discussion and Conclusion

Main purpose of this research is to investigate the impact of work social support on firm innovation capability, to develop a model for testing the relationship with a moderator (organizational trust) and mediators (knowledge sharing process and job satisfaction). For this, wide literature related to dependent, independent, moderator and mediator variables have been accompanied and presented in the section of theory development. Firm innovation capability is basically the skills and resources a firm has to use in order to collect and exchange of new ideas. New ideas come from external knowledge which does share internally and consequently generating new or value-added products (Branzei and Vertinsky, 2006).

In the current study work social support is considered to be influencing the firm innovation capability. Instrumental, informational, appraisal and emotional support is important elements of social support at work place (Carlson and Perrewe, 1999). Organizational trust is belief that both parties are fair and will not violate the interest of each other. Moreover knowledge sharing process (KSP) is combination of knowledge donation and collection. This process may start when sharing of knowledge and experiences will give new ideas. Similarly job satisfaction is an important outcome. A satisfied person is more optimistic to share innovative ideas. Hypothesis is formed on the bases of literature evidence. The result shows that H1 is not supported means this is not proved that organizational trust play important role as moderator. Whereas H2 and H3are supported knowledge sharing process and job satisfaction play their role as mediators. My findings enclosed that work social support on firm innovation capability more significantly with the help of KSP and JS.

Current study contributes lots in literature and having academic and managerial implications. Firm innovation capability is viewed with different perspective in current study. Here the outcomes show the significant and non-significant relationship. Theoretical model is developed on the bases of literature. The outcomes show that WSS is important predictor of FIC where mediator’s effects are more significant than moderator. The results revealed that firm innovation capability is important ingredients for success of any organization. By analysis results and statistic terms it is evident that firm innovation capability can improve not only through WSS but it can improve by sharing the external knowledge and experience, it can improve when employees are more satisfied with their job. Results also show that organizational trust is not creating any significant effect as moderator.

Managerial implications of the findings of study are that CEO and HR manager should nourish positive and caring environment in workplace where employee feel free to
share their ideas. These create fairness among employees and enhance organizational trust which gives performance more effectively and efficiently. The current study is fruit full for manager when culture of fair flow of information is there. By doing this organization create intellectual capital where everyone wants to learn and share the information. It is difficult to develop the strategies for improving the firm innovation capability but it can improve by developing innovative-supportive culture where rewards system and team working is essential to developed these culture. Sharing of information from all level of organization make it possible for enhancing the capability of innovation. In research analysis the mean value of work social support is found 3.69 which indicates that employees are strongly agree that the new ideas come in organization and share only when social support is there at workplace. If management of banks considers these dimensions they can response quickly to every type of innovations. The most important area manager has to consider is the development of trust among employees without this they can’t share their knowledge.

This study is based on cross sectional study while if we conduct the study through longitudinal data it will give different result. In order to conduct this research there is limited time and money. Consideration of sample selection is narrow that is only banking sector of Southern Punjab; results can be change if it may use other service sectors as well. Sampling technique, called purposive sampling is used to collect the data may also questionable for generalization. Directions for future research are that Model can be improved by adding and deleting few variables. Model can be used for comparative analysis and for validation in local and foreign industries. This research concept can be used with different sampling technique. This research model can be used by enhancing the geographical coverage. Current research concept can be applied on different population apart from banking sectors. Longitudinal method, as data collection technique, can be used due to rapidly change of innovation capability of firm year to year.

Reference


