



Role of Organizational Trust as Mediation on the Effect of Knowledge Management on Innovative Behavior

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Abstract

This study aims to analyze the direct effect of knowledge management on innovative behavior and examine the mediating role of organizational trust in the relationship. The sample used was 94 employees of manufacturing companies in the Bekasi area. Data collection using a 5-point Likert scale questionnaire. The data were analyzed using Partial Least Square (PLS) to test the research model and its hypotheses. The results prove that knowledge management has a significant positive effect on increasing innovative behavior. In addition, knowledge management is also proven to increase organizational trust. On the other hand, organizational trust has a significant positive effect on increasing employee innovative behavior. The results of path analysis also prove that organizational trust significantly mediates the effect of knowledge management on increasing innovative behavior. Thus this study succeeded in proving the proposed research model along with the four hypotheses. The practical implication is that companies need to pay balanced attention to the implementation of knowledge management programs and the cultivation of organizational trust in order to create an environment conducive to the growth of employee innovative behavior.

Keywords: Organizational Trust, Knowledge Management, Innovative Behavior

Introduction

Innovation is key to the survival and competitive advantage of companies in today's knowledge-based economy (Wang & Wang, 2012). Innovation is defined as the application of new ideas, processes, products or procedures that benefit individuals, groups, organizations or society at large (Hülshager, Anderson, & Salgado, 2009). Innovation can take the form of new or improved products, services, or business models.

Innovative behavior is needed by companies to carry out and implement innovations. Innovative behavior is defined as all individual behaviors aimed at generating, introducing and implementing new ideas, processes, products or procedures that benefit work units, groups or organizations (Janssen, 2000). Innovative behavior includes seeking opportunities, generating creative ideas and new ideas, and implementing these ideas. Therefore, innovative behavior is important for the sustainability of innovation in the company.

Several previous studies have identified various factors that influence employees' innovative behavior, such as leadership style (Pieterse, van Knippenberg, Schippers, & Stam, 2010), organizational culture (Ahmed, 1998), intrinsic motivation (Hammond, Neff, Farr, Schwall, & Zhao, 2011), and creativity competence (Carmeli & Spreitzer, 2009). However, these studies have not investigated the role of knowledge as the basis for the formation of innovative ideas and the role of organizational trust to implement new ideas.

Knowledge management is an important concept in creating and utilizing knowledge for the benefit of the organization (Ipe, 2003). Knowledge management includes the activities of creating, storing, processing and utilizing assets in the form of tacit knowledge and explicit knowledge owned by the organization and its members to achieve business goals (Ipe, 2003). The importance of knowledge management in driving innovation has been mentioned by various studies (Du Plessis, 2007; Gloet & Terziovski, 2004). However, the direct influence of knowledge management on innovative behavior has rarely been studied.

On the other hand, organizational trust is also needed to implement innovative ideas to improve company performance. Organizational trust is the belief that the organization can be relied upon to keep promises and act professionally and fairly towards all its employees (Tan & Lim, 2009). High trust in management and coworkers makes employees feel safe and comfortable to put forward new ideas without fear of being punished or belittled if the idea fails (Ellonen, Blomqvist, & Puumalainen, 2008). Therefore, it is important to investigate whether organizational trust can be a link between knowledge management and increasing employee innovative behavior.

Despite its importance, studies on the relationship between knowledge management, organizational trust and innovative behavior are still limited. So far, there is no research that examines the mediating role of organizational trust on the effect of knowledge management on innovative behavior.

Therefore, this study aims to analyze the direct effect of knowledge management on innovative behavior and test the mediating role of organizational trust in this relationship. The results of this study are expected to make theoretical and practical contributions, especially in efforts to improve employee innovative behavior in the company.

The theoretical contribution of this research is to enrich the study of organizational behavior by testing the relationship model between knowledge management, organizational trust and innovative behavior that has not been studied before. The practical contribution is to provide understanding to company management about the importance of building a culture of knowledge management and trust to encourage employee innovation behavior which ultimately increases the competitiveness and success of the company.

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Literature Review

Innovative Behavior

Innovative behavior is defined as all individual actions aimed at introducing and implementing ideas, processes, products or procedures that are new and beneficial to the work unit, work team or organization (Janssen, 2000; Kanter, 1998). Innovative behavior includes opportunity search, idea generation, idea promotion, and idea realization in reality (Scott & Bruce, 1994).

Knowledge Management

Knowledge management (KM) is defined as a set of processes used by organizations to identify, create, store, share, and apply knowledge (Alavi & Leidner, 2001). KM includes activities such as knowledge creation, knowledge sharing, knowledge retention and knowledge implementation.

Organizational Trust

Organizational trust is defined as an individual's positive belief in the intentions and behavior of the organization or its management (Tan & Lim, 2009). Organizational trust reflects employees' perceptions that the organization's actions are based on concern for employee welfare and fair values (Jones & George, 1998).

Research Method

This study uses a quantitative approach to test the relationship model between knowledge management, organizational trust and innovative behavior. The population of this study were all employees who worked for manufacturing companies in the Bekasi area. A sample of 94 employees was taken using purposive sampling technique. Data were collected through a questionnaire adopted from previous research. The questionnaire uses a Likert scale with 5 intervals ranging from 1 = Strongly Disagree to 5 = Strongly Agree. The research instrument was tested for validity and reliability, then analyzed using variant-based Partial Least Square (PLS) to test the research hypothesis. PLS statistical analysis was carried out through the SmartPLS 3.0 program. The results of descriptive analysis are presented to see a description of the research variables based on respondents' assessments. While hypothesis testing is carried out through a two-stage procedure, namely outer model evaluation to assess reliability and validity, followed by inner model evaluation to assess the suitability of the structural model. Hypothesis testing looks at the significance value of the T-statistic of the bootstrapping results as well as the value of the path coefficient or structural path between constructs in the model. In addition to testing the direct effect, this study will also test the indirect effect by looking at the mediating role of organizational trust on the effect of knowledge management on innovative behavior.

Result and Discussion

Structural Model Testing (Inner Model)

This test is a test of the model by looking at the R-square value which is the result of the goodness of fit model test. The knowledge management model on innovation behavior provides an R-square value of 0.823 which means that the variability of the innovative behavior construct can be explained by the knowledge management construct by 82.3% while 11.7% is explained by other variables outside this study. Another influence model is organizational trust with a value shown of 0.701 so that it can be interpreted that 70.1% of organizational trust constructs with the dependent variable, namely knowledge management and innovative behavior. While 29.9% is explained by other variables not included in this study. Can be seen in Table 1:

Table 1. R Square

	R Square	R Square Adjusted
IB	0,823	0,819
OT	0,701	0,698

Source: PLS (2023)

Based on table 1 shows that the R-square value generated for the innovative behavior variable is 0.823 or 82.3% and the organizational trust variable is 0.701 or 70.1% which identifies that the contribution in this study is quite large.

Structural Model Test

Based on Table 2, it can be explained that the result of the p value on the effect of knowledge management on innovative behavior is 0.000. The effect of knowledge management on organizational trust has a p value of 0.000, and the effect of organizational trust on innovative behavior is 0.000. It can be concluded that for all relationships the value is below 0.05, meaning that all relationships have significant results.

Table 2. Path Coefficients

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
KM -> IB	0,636	0,633	0,086	7,400	0,000
KM -> OT	0,837	0,838	0,038	22,042	0,000
OT -> IB	0,305	0,304	0,087	3,512	0,000

Source: PLS (2023)

Spesific Indirect effect

Table 3. Spesific Indirect effect

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
KM -> OT -> IB	0,255	0,255	0,073	3,497	0,001

Source: PLS (2023)

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Based on table 3, it can be explained that the result of P Values on knowledge management on innovative behavior mediated by organizational trust is 0.001. It can be concluded that the results of the indirect effect are below 0.05, meaning that these results have a significant effect.

The Effect of Knowledge Management on Innovative Behavior

Several previous studies have shown that knowledge management has a positive effect on innovative behavior. This is because effective implementation of KM will provide the knowledge resources needed by employees to innovate (Camelo-Ordaz, García-Cruz, Sousa-Ginel, & Valle-Cabrera, 2011). In more detail, knowledge creation activities such as sharing information between employees and across departments can stimulate creative ideas that are the foundation of innovation (Chen & Huang, 2009). The creation of new knowledge inspires and enriches employees' perspectives so as to generate innovative ideas (García-Morales, Llorens-Montes, & Verdú-Jover, 2006). Furthermore, knowledge-sharing activities such as cross-section meetings and discussion forums can help spread innovative ideas within the organization (Ar, Ulgen, Mirdamadi, & Ar, 2021; Hamid, Sabri, Roslan, Abdullah, & Mohsin, 2020). Through discussion forums, innovative ideas can be presented and promoted to various parties in the organization. This is important to ensure the support and resources needed for the implementation of an innovative idea. In addition, information technology support in knowledge retention facilitates the availability and accessibility of knowledge that can support the innovation process in a sustainable manner (du Plessis, 2007). The more knowledge that is recorded, the greater the chance of future innovation ideas. Finally, the application of knowledge through technical skills training activities also plays a role in increasing employee competence to implement innovative ideas into useful new products or processes (Chen & Huang, 2009; Hamid et al., 2020). Thus, effective implementation of knowledge management can ultimately increase employee innovative behavior.

Effect of Knowledge management on organizational trust

Several previous studies have shown that the implementation of knowledge management has a positive effect on increasing organizational trust in the company (Abrams et al., 2003; Akhavan et al., 2014; Holste & Fields, 2010). This is because KM creates an open and collaborative work environment through knowledge sharing practices (Holste & Fields, 2010). Such an environment facilitates positive interactions between employees and management, thus building trust in the organization. More specifically, knowledge creation and sharing activities in KM encourage employee engagement, empower them and fulfill their growth needs (Lee & Choi, 2003). This makes employees feel valued and cared for, thus increasing their trust in the organization and management. In addition, technological infrastructure in knowledge retention makes it easier for employees to access relevant information and knowledge to improve their performance. This convenience shows the company's commitment to supporting employee success, which in turn increases organizational trust (Abrams et al., 2003). Thus, the implementation of comprehensive knowledge management can increase organizational trust through the creation of a work environment that is open, fair and supports employee growth and self-actualization.

Effect of Organizational Trust on Innovative Behavior

Several previous empirical studies have proven that organizational trust has a significant positive effect on increasing employee innovative behavior (Ellonen, Blomqvist & Puumalainen, 2008; Khan, 2015). This is because strong trust creates a safe psychological climate for employees to take risks by introducing and trying new ideas without fear or worry (Khan, 2015). High trust in the organization also encourages employees to share information openly because they believe the information will not be misused (Camelo-Ordaz et al., 2011). This more open information sharing can ultimately trigger the emergence of creative and innovative ideas. In addition, employees who have high trust in the organization tend to be more motivated to put in extra effort for the benefit of the organization because they believe their efforts are appreciated and fairly rewarded by the organization (Aryee et al., 2002). This encourages employees to voluntarily promote and even be directly involved in realizing innovative ideas for the betterment of the organization where they work. Thus, organizational trust is an important foundation for the development of employee innovative behavior because it creates a conducive psychological environment and a mutually beneficial relationship between employees and the organization where they work.

Effect of Knowledge management on innovative behavior mediated by organizational trust

Several previous studies have shown the positive effect of knowledge management (KM) on increasing innovative behavior (Chen & Huang, 2009; Du Plessis, 2007). KM facilitates knowledge transfer that stimulates the emergence of creative ideas and knowledge sharing to promote and implement these new ideas (Gloet & Terziovski, 2004). On the other hand, study results also indicate that organizational trust mediates the relationship between KM and employee innovative behavior and attitudes (Akhavan et al., 2014; Holste & Fields, 2010). KM implementation creates an open and supportive work environment that increases organizational trust (Abrams et al., 2003). Strong trust then encourages employee perceptions that innovating is a valued behavior and in line with organizational norms and goals (Ellonen et al., 2008). This explains why KM plays a role in not only providing knowledge that supports innovation, but also building trust so that this knowledge can be implemented into successful innovations. In other words, organizational trust mediates the relationship between KM and employee innovative behavior. In more detail, KM encourages interaction and collaboration between employees from different parts of the organization through activities such as knowledge sharing (Akhavan et al., 2014; Holste & Fields, 2010). These open and supportive interactions foster mutual trust among employees and management. This strong trust then creates a safe psychological environment for employees to take risks and experiment with new ideas that could potentially fail (Ellonen et al 2008). Trust also motivates employees to voluntarily promote and even be directly involved in implementing innovative ideas that they believe in (Aryee et al., 2002). Thus, although KM plays a direct role in facilitating innovation, this role is strengthened by the mediation of organizational trust that encourages employees' innovative intentions and behavior. KM and organizational trust work together to create a work environment that is conducive to the development of innovative behavior.

Conclusion

Knowledge management has a positive and significant effect on increasing innovative behavior. This indicates that the implementation of effective knowledge management, which includes the creation, acquisition, storage, sharing and application of knowledge, can increase the tendency of employees to display innovative behavior such as generating creative ideas, promoting new ideas and implementing ideas into reality. Knowledge management has a positive and significant effect on increasing organizational trust. This proves that the implementation of knowledge management creates an open and collaborative work environment based on mutual trust, which increases employee trust in the organization and its management. Organizational trust has a positive and significant effect on increasing innovative behavior. The higher the level of employee trust in the organization, the more likely employees are to display innovative behavior because they feel supported, valued and safe to express and implement new ideas. Organizational trust is proven to mediate the effect of knowledge management on innovative behavior. Although knowledge management plays a direct role in facilitating innovation, this role is strengthened by the mediation of organizational trust, which creates a conducive work environment and mutually beneficial relationships between employees and organizations.

Thus, this study successfully proved the relationship model between knowledge management, organizational trust and innovative behavior, as well as the mediating role of organizational trust on the effect of knowledge management on innovative behavior. This model provides a comprehensive understanding of the important factors that can be managed to improve the behavior and culture of innovation in a company or organization.

The practical implication of this research is the need for companies to pay balanced attention to the implementation of knowledge management programs and the cultivation of organizational trust in order to create an environment conducive to the growth of employee innovative behavior. Focusing on knowledge management alone without paying attention to increasing organizational trust risks reducing the effectiveness of knowledge sharing practices in encouraging employee innovation behavior.

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