

Impact of Organizational Trust and Empowering Leadership on Knowledge Sharing

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Abstract

The rationale of this study is to examine the impact of organizational trust and empowering leadership on the knowledge sharing of employees in Pakistan. This study also explores the intervening role of organizational commitment and attitude of employees towards knowledge sharing. In this study the data is collected from many private and government organizations. Almost 170 questionnaires were filled by employees. Regression and correlation techniques are used to test the hypothesis. The results have shown that organizational trust and empowering leadership have direct and indirect impact on knowledge sharing. The sample size of this study and Pakistani context might border the generalizability of outcome. This research adds to the past research and gives better understanding of knowledge sharing in the context of Pakistan. Practically this work will help the organizations to understand how to enhance knowledge sharing in the work place for getting competitive advantage. In setting where employees have trust on each other and are led by empowering leadership, knowledge sharing will better.

Key words: Knowledge Sharing, organizational trust, Empowering leadership, Organizational commitment, Attitude towards knowledge sharing

Introduction

Knowledge sharing is a course that gives competitive lead to an organization (Matzler & Mueller, 2011). Knowledge sharing facilitates the organizations to meet up the demands of the customers (Kim & Lee, 2006) and convey improvements in the existing products and services (Verona, Prandelli, & Sauchney, 2006). The intention of this study is to understand the personal and organizational factors that influence the employees to share knowledge with each other. Researchers found that if employees have trust on each other then they will help each other to solve their problems and their capability to complete the task will increase (Kim & Lee, 2006).

Past research work gives deep understanding of knowledge sharing (West & Anderson, 1996; Seibert et al., 2004; Crawford, 2005; Srivastava & Bartol, 2006; Liang et al., 2007; Singh, 2008; Hulsheger et al., 2009). Organizational trust influences the organizational commitment that in turn effects knowledge sharing of employees. Organizational trust and commitment assist the successful communication among employees (Te'eni, 2001). An employee who is committed with the goals of organization and have trust on coworkers and management, is more likely to share his /her knowledge with others .An effective organizational commitment create favorable atmosphere for knowledge accumulation and contribution (Hooff & Ridder, 2004).The research work has also shown that leadership plays a fundamental role in knowledge sharing. When a manager or supervisor authorizes the subordinates to make job related decisions on their own, they need to have adequate information to make right decision. As a result they will more likely share knowledge in decision making process (Xue, Bradely, & Liang, 2010). Therefore, empowering leader has direct impact on knowledge sharing and this direct relationship is effected by the intervening role of attitude of employees towards knowledge sharing. An important factor of knowledge sharing is the willingness and attitude of the employee; it is complex process that involves human behavior (Ipe, 2003).

A lot of work has been done in this area in western countries, but in developing countries like Pakistan this area is not much explored by the researchers. This study first time investigates knowledge sharing and its most related variables in the context of Pakistan. In this research the author examines knowledge sharing in the light of two most related factors: organizational trust and empowering leadership. These two factors have both direct and indirect impact on knowledge sharing with the intervening role of organizational commitment and employees attitude towards knowledge sharing.

This study will help the researchers to understand how the knowledge sharing within the Organization is influenced by the Organization trust and leadership. It will also help the senior management to take right measures for improving knowledge sharing among employees. The reason

of investigating this area is that it is almost impossible and very challenging for management to direct the employees to share their knowledge without any selfishness. The study of the combination of these factors and their impact will solve many problems of organizations related to the knowledge sharing.

In this study we conduct a survey in different organizations of Pakistan and collect data by the help of a questionnaire, data is collected from more than 10 organizations of Pakistan. The next section presents literature review in detail and the hypothesis testing. The data collection, analysis and hypothesis testing discussed in methodology. After this we present the findings and discuss the implications of results. Finally future directions and limitations are mentioned.

Literature Review

Knowledge sharing

The knowledge of an organization is becoming a source of core competency and the factors that influence the sharing of this knowledge are becoming an important area of research. There is a deep research on knowledge sharing and some researchers try to prove that knowledge sharing and information sharing is the same thing. Researchers use both terminologies interchangeably (Makhija & Ganesh, 1997; Alavi & Leidner, 2001; Bartol & Srivastava, 2002). But many researchers said information and knowledge are two different things. According to researchers, information is just the flow of communication but knowledge has two things i-e information and justifiable beliefs or know how (Kogut & Zander, 1992; Nonaka, 1994). Knowledge sharing is actually the flow of information within the organizations to solve the issues and to make the right decisions (Pulakos, Dorsey, & Borman, 2003; Cumming, 2004). Some researchers said knowledge sharing occurs in experimental studies where colleagues share software, manuals and databases (Wang & Noe, 2010). Organizational performance is improved when employees share knowledge with each other (Kim & Lee, 2006). There are many variables that affect the knowledge sharing, but this study focuses on two most important factors i-e organizational trust and empowering leadership. There is an intervening role of “Organizational commitment” between organizational trust and knowledge sharing. Similarly another intervening variable “Attitude towards knowledge sharing” exists between empowering leadership and knowledge sharing. Srivastava et al. (2006) said that senior management has constructive effects on knowledge-sharing attitudes, if manager appreciates the views of employees and motivate them to participate in decision-making process then employees will be recognize and acknowledge the design of sharing knowledge.

Organizational Trust

Trust is defined by Kramer (1999) a “State of perceived vulnerability or risk that is derived from individuals uncertainty regarding the motives, intentions and prospective actions of others on whom they depend”. (p.571). Trust is actually the bases of commitment, integrity and relationship among the employees in an organization (Chathoth et al., 2011). Trust has two perspective, one is trust among the employees/peers and 2nd is trust on the employer or senior management (Aryee et al, 2002). Lot of research work has been done on the relationship between organization trust and knowledge sharing. A high level of trust among the employees motivates them to share knowledge with each other (Wang & Noe, 2010). Huemer et al. (1998) said that if there is trust in an organization then there is cooperative environment in the organization. If the organization builds up competition among employees then it creates a big hurdle in the way of knowledge sharing. Therefore, a cooperative environment creates trust among the employees that is necessary for knowledge sharing (Schepers & Berg, 2007). But here it is observe that there is an intervening variable of organizational commitment. A higher level of trust in colleagues and senior management has led to the higher level of employee commitment with the organization (McAllister, 1995). Hence a higher level of commitment leads to higher level of knowledge sharing.

H₁. Knowledge sharing is positively influenced by organizational trust.

H₂. Organizational trust has a positive Impact on organizational commitment.

Organizational Commitment

Commitment is defined as “The relative strength of an individual's identification with, and involvement in a particular organization” (Mowday et al., 1979). Te'eni, (2001) argues that commitment and trust develop an environment in the organization where an effective information sharing can occur. Organizational commitment serves as an important intervening variable between organizational trust and knowledge sharing. Commitment is a long-term relationship between the organization and employee, where the organization valued the knowledge, skills and abilities of the employee (Paine, 2003). Literature shows that organizational trust influences the employee responses towards organizational commitment (Mack & Boxall, 2007). Farndale, Hailey, and Kelliher (2009) has explored the relationship between trust and commitment and found that there is strong and positive relationship between trust and commitment. Hence an employee who has trust in coworkers and management and is committed with the organization is more likely to share his knowledge with others (Hoof & Ridder, 2004).

H₃. Organizational commitment has positive impact on knowledge sharing.

Empowering leadership

Leadership support is an important independent variable that influence the knowledge sharing behavior of the employees .Specifically when a supervisor or team leader delegate some powers to his subordinates for making decisions, they need to cooperate and share information with other colleagues to make the informed decisions (Xue et al., 2010). A good leader has ability to direct the subordinates and give them right or trustworthy knowledge. Foreman and Money (1995) suggested that when the executive leadership lays out clear objectives and employees have confidence on the leadership, then the employees will perform positively for the organization because they recognize its objectives. An empowering leader is actually supportive leader who give proper guidance to his subordinates, share his knowledge with them, appreciate their feedbacks and acknowledge their abilities and attributes. The motivation of employees towards knowledge sharing is increased when their knowledge sharing attitude recognized by the leader (Srivastava & Bartod, 2006).

H₄. Knowledge sharing is positively influenced by empowering leadership.

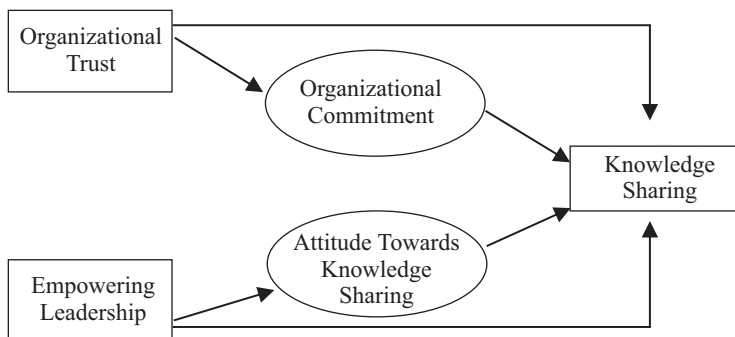
H₅. Empowering leadership has positive impact on attitude toward knowledge sharing.

Attitude towards knowledge sharing

Attitude is defined as “The degree to which a person has a favorable or unfavorable evaluation or appraisal of the behavior in question” (Ajzen, 1991). When an employee evaluates a certain behavior favorably /positively then his intension to perform this behavior will increase (So & Bollojn, 2005). Attitude towards knowledge sharing is an intervening variable between empowering leadership and knowledge sharing. Empowering leadership strongly effect the employee attitude towards knowledge sharing .The positive attitude of an employee towards knowledge sharing will cause greater cooperation among the employees. On the other side negative Attitude is the biggest hurdle for knowledge sharing (Hsu et al., 2007).

H₆.Attitude toward knowledge sharing has positive impact on knowledge sharing

Model



Methodology

Sample and Procedure

The population of this study comprises the government and private sector employees of Pakistan. In the government sector, the employees of International Islamic University, AGPR, Fatima Jinnah Women University and Pakistan Medical Research Council, while in the private sector employees of Allied Bank, Askari Bank, Audit firms and Fauji Fertilizer Company are included in this study. Convenience sampling technique was used to select the sample in this study. Managerial and lower staff both are included in this research. A total of 125 questionnaires were distributed, some questionnaires were sent through Email and some were distributed through self-administrative way. Respondents were randomly selected without any discrimination. 109 responses recovered with response rate of 73% and 16 questionnaire excluded due to incompleteness. The pilot testing of this questionnaire has been carried out by some scholars and employees. The first part of this questionnaire collects information about the demographics. There were 81 (74%) male and 29 (26%) female respondents. The data was collected from respondents of different age groups but majority of respondents were young having age from 20-30. The education level of the respondents was different which can be categorized as bachelors, masters, MS and PhD. Among this respondent 32 (29%) were bachelor students, 68 (62%) master students, 7 (6%) MS and only 3 (2%) were of PhD students. The public and private sector employees were almost equal in numbers.

Measures

All variables are measured by questionnaire with five point likert scale. 1 for “strongly disagree” and 5 for “strongly agree”. Organizational trust is measured by six items (Chathoth et al., 2007) and no changes are made in this scale. It is highly validated and the alpha reliability is 0.703. Example of items include “My organization takes significant measures to lead me in the right direction”. Organizational commitment is also measured by (Chathoth et al., 2007) using five items. Ten point likert scale used by Chathoth is converted in to five point likert scale to make the questionnaire user friendly. The items used to measure organizational commitment were very short (e.g. I feel loyal to my organization) that save the time of respondents. The alpha reliability of organizational commitment measure is 0.671. An empowering leadership scale was developed by Xue, Bradely, and Liang (2010). Five items are included in this measure and the cronbach's alpha reliability of these items is 0.722. Knowledge sharing and attitude toward knowledge sharing are measured according to (Bock et al., 2005), seven items for knowledge sharing and four items for attitude towards knowledge sharing are included in the questionnaire. The alpha reliability of all items of attitude towards knowledge sharing is 0.677 and 0.720 for knowledge sharing (Bock et al., 2005). The data of

questionnaires was put in SPSS software and statistical tools such as regression and correlation techniques were applied on the data for analysis.

Results & Discussions

Table 1 shows the descriptive statistics (mean and standard deviation), correlation among all the variables and the cronbach's alpha reliability variables. Table 2 shows the results of regression analysis with standardized coefficients, R square and change in R square. Direct effect and mediating effect of variables is also mentioned in table 2.

The independent variables organizational trust is significantly correlated with the mediator organizational commitment but the degree of association is medium. Organizational trust and organization commitment are significantly and highly correlated with the knowledge sharing. Similarly empowering leadership have significant medium correlation with mediator attitude towards knowledge sharing but both these variables have significantly high degree of association with knowledge sharing.

Table 1: Means, Standard Deviations, Correlations, and Reliabilities

	Mean	Standard deviation	1	2	3	4	5
OT	3.94	0.43	(.703)				
OC	3.89	0.53	.59(**)	(.671)			
EL	3.89	0.43	.59(**)	.51(**)	(.722)		
ATKS	3.55	0.68	.49(**)	.54(**)	.43(**)	(.677)	
KS	3.75	0.43	.77(**)	.68(**)	.64(**)	.73(**)	(.720)

** Correlation is significant at the 0.01 level (2-tailed). Alpha reliability in parenthesis

Hence the regression analysis is performed to test the hypotheses. The first hypothesis (H₁) is supported by the results ($\beta = 0.772$, $p < 0.01$) which means that organizational trust has significant positive relationship with knowledge sharing. The beta value 0.772 means that one unit increase in organizational trust will cause .772 unit increases in knowledge sharing. This result has compliance with the past research (Wang & Noe, 2010) on the basis of which hypothesis was developed. The total variation explained by organizational trust in knowledge sharing is .597. The second hypothesis predicts that the organizational trust have positive impact on organizational commitment, this hypothesis is accepted on the basis of this study results ($\beta = 0.592$, $p < 0.01$) and the organizational trust explain ($R^2 = 0.35$) variation in organizational commitment. OT is significantly positively influencing the OC. This result was derived by McAllister (1995).

Table 2 : Results of regression Analysis

Predictors	Organizational Commitment (OC)			Knowledge sharing (KS)		
	β	R ²	Adjusted R ²	β	R ²	Adjusted R ²
Direct Effect						
OT	0.592**	0.350		0.772**	0.597	
Mediation						
Step1:OC				0.689**	0.475	
Step2:OT				0.561**	0.680	0.204**
<div style="display: flex; justify-content: space-between;"> <div style="text-align: center;"> Attitude towards knowledge Sharing(ATKS) </div> <div style="text-align: center;"> Knowledge sharing (KS) </div> </div>						
Direct Effect						
EL	0.425**	0.181		0.641**	0.411	
Mediation						
Step1:ATKS				0.731**	0.534	
Step2:EL				0.403**	0.667	0.133**

n=109; Dependent variable=knowledge sharing; ** p < 0.01

The literature of this study finds that the OC has played a mediating role between OT and KS. Hoof and Ridder (2004) has proved that organizational commitment of employees improves the knowledge sharing activities. This hypothesis is find correct by the regression results ($\beta = 0.689$, $p < 0.01$) of this study. OC explain more .475 variations in KS. Afte^r putting the OC as a mediating variable between the OT and KS, it is observed that the change in R square decrease significantly. Before mediation OT was explaining the variation (0.597) in KS and after the mediation effect it is decreased by more than 50% (0.204). The beta coefficient is also decreased significantly from 0.772 ** to 0.561 **.As a result it is finding that the mediating effect of OC between OT and KS is existing, but this is almost partial mediation. Because the change is R square is not too much as compare to past studies. Similarly on the other hand the forth hypothesis (H4) “KS is positively influenced by empowering leadership” and fifth hypothesis (H5) “KS is positively influenced by the Attitude towards KS” are proved correct as it was observed in the literature (Foreman & Money, 1995; Srivastava & Bartod, 2006). The direct effect of EL on KS is shown as ($\beta = 0.641$, $p < 0.01$) and

explain 0.411 variation in KS. This result provides support to the H4. Xue et al (2010) measure the mediating effect of Attitude towards knowledge sharing (ATKS) between the EL and KS. The results of this study support the work of Xue et al (2010). The independent effect of ATKS on KS has shown that it has significant positive influence on KS ($\beta = 0.731, p < 0.01$) and explicate 53.4% variation in KS. After mediation it is observed that the R^2 is increased up to 0.667 but the change in R^2 is decreased significantly ($R^2 = 0.133$) that was 0.411 before mediation. This result has proved that the ATKS has playmediating role between the EL and KS.

This study will add to the prior research and it will help the management to understand how the knowledge sharing within the Organization is influenced by the organizational trust and leadership. This study has practical implications, i-e it will help the senior management to make the right measures and design teams to facilitate the knowledge sharing among employees. The reason of investigating in this area is that it is almost impossible and very challenging for management to direct the employees to share their knowledge without any selfishness. The study of the combination of these factors and their impact will solve many problems of organizations related to the knowledge sharing.

This study has certain limitations that affect the generalizability of this research work. Due to the limited time and financial resources the data is collected from few organizations that are easily accessible. But all the organizations are either based in capital city Islamabad or Rawalpindi, and almost similar response is found from these organizations. Therefore, its results can be implemented in these major cities.

In future this work can be extended by collecting data from different sectors of Pakistan. Moreover, a large sample should be selected to make its implication in all organizations of Pakistan. This will make its results more generalizable. Also, the cross cultural comparison can also be conducted between two countries

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