



## Journal of Asia Business Studies

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To cite this document:

Kamal Kishore Jain Manjit Singh Sandhu See Kwong Goh , (2015), "Organizational climate, trust and knowledge sharing: insights from Malaysia", Journal of Asia Business Studies, Vol. 9 Iss 1 pp. 54 - 77

Permanent link to this document:

<http://dx.doi.org/10.1108/JABS-07-2013-0040>

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# Organizational climate, trust and knowledge sharing: insights from Malaysia

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## Abstract

**Purpose** – The purpose of this study was to examine the influence of organizational climate and trust (TR) on knowledge-sharing (KS) behaviour in selected multinational firms in an emerging market – Malaysia. Two dimensions of KS – knowledge collecting (KC) and knowledge donating (KD) – were separately studied for this research.

**Design/methodology/approach** – Survey data were collected from 231 participants from 25 multinational firms. Multivariate analysis was used to assess the research model.

**Findings** – The research findings indicate that organizational climate dimension, affiliation, is positively related to both KD and KC, while fairness dimensions of organizational climate are not positively related to KD and KC. Among the two dimensions of TR (cognitive and affective), it was found that cognitive TR is positively related to KD, while affective TR is positively related to KC.

**Research limitations/implications** – The sampling was confined to the Klang Valley area of Malaysia.

**Practical implications** – The study is useful because it makes an attempt to study the relationship between organizational climate and the two dimensions of KS, KC and KD, separately. The study examines the similar relationship with TR.

**Originality/value** – This research has provided both theoretical and managerial implications to further advance the literature on the impact of organization factors such as organizational climate (OC) and individual factors such as TR on KS behaviour. This research examines the relationship of OC with specific KS dimensions such as KD and KC. Limited research has addressed this. This research has also contributed further to business literature by applying social capital theory in explaining the impact of multidimensional categories of TR: affective TR and cognitive-based TR on KD and KC.

**Keywords** Knowledge sharing, Organizational climate, Affective trust and cognitive trust, Knowledge collecting, Knowledge donating

**Paper type** Research paper

## Introduction

### Background

With the advent of globalization, the business and economic landscape has seen tremendous changes in the way firms compete. Traditionally, businesses used to compete based on the ownership of unique resources that became the sole competitive advantage for firms. These unique resources consisted of mainly tangible and visible resources. According to the resource-based view of the firm, organizations are able to sustain their competitive advantage if they are able to create and manage assets that cannot be imitated (Wernerfelt, 1984; Barney, 1991; Grant, 1996). All kinds of resources are included in this. For example, human capital (Barney, 1991; Fletcher, 2004; Hitt *et al.*, 1997), social capital (Coviello and Munro, 1997; Hadley and Wilson, 2003; Johanson and Mattsson, 1994; Lu and Beamish, 2001), entrepreneurial capital (Covin and Slevin, 1989; Wiklund and Shepherd, 2003; Lumpkin and Dess, 1996) and financial capital (Audretsch, 1995). However, the situation is different in the new millennium, whereby the focus has now shifted from tangible resources such as technology and trademarks to intangible resources such as intellectual capital and knowledge-based assets that are held in the form of tacit

Received 17 July 2013  
Revised 3 March 2014  
25 May 2014  
Accepted 3 July 2014

knowledge in the mind of individuals. Knowledge today has become a vital factor of production that can enable firms to sustain its competitive advantage in the long run (Grant, 1996). It is seen as the “most strategically important resource” that organizations own (Grant, 1996). Davenport and Prusak (1998) went one step further by reiterating that knowledge assets are more difficult to imitate and replicate because of its intangibility and is therefore more important than tangible resources. Empirical evidence also show positive impact of knowledge sharing (KS) on organization learning and its effectiveness (Yang, 2007). Successful organizations in a knowledge-based economy are those that are able to create, recognize, disseminate knowledge widely and embody knowledge in new products and technologies in the global environment where product life cycles are shorter and competition is more intense (Nonaka, 1991; Seidler-de Alwis and Hartmann, 2008). The influence of globalization on international business activity has ushered in fundamental changes in which multinational companies (MNCs) undertake cross-border activities, in what Dunning (1995) has described as “alliance capitalism”. Duysters *et al.* (1999) note that alliances have shifted from being regarded as a peripheral aspect to a cornerstone of the firm’s technological strategy. The facilitating role of globalization has expanded firms’ use of external resources to reduce, *inter alia*, innovation time spans, costs and risks, and acquire greater flexibility in their operations (Hagedoorn, 1993). The improved enforceability of contracts and declining transaction and monitoring costs resulting from developments associated with globalization have made it easier for firms of all sizes to monitor, identify and establish collaborative ventures than previously had been the case (Narula, 1999, 2001). Thus, organizations, in general, and MNCs, in particular, must find ways to manage knowledge by using effective knowledge management (KM) and KS practices not only within business units but also among alliance partners. The study is important in Malaysian context, as a large number of MNCs operate in Malaysia. Moreover, the Malaysian Government has adopted National Innovation Policy to generate wealth from intellectual capital.

### *Research problem*

The paper attempts to address the following research questions:

- Do components of trust – affective and cognitive – influence knowledge collecting and knowledge donating behaviour?
- Does organizational climate influence knowledge collecting and knowledge donating behaviour?

A review of the literature shows that there are many factors that influence KS. The factors are broadly classified as organization factors, individual factors and technological factors (Lin, 2007; Søndergaard *et al.*, 2007; Al-Shammari, 2009). These factors act as facilitators or inhibitors of KS. Organization factors refer to firm-specific initiatives or practices that promote the sharing of knowledge in the organization. In the literature, organization factors that have been found to influence KS are:

- organization structure (Søndergaard *et al.*, 2007);
- employee involvement (Lin, 2007);
- incentive schemes (Wolfe and Loraas, 2008);
- communication climate (Van den Hooff and de Ridder, 2004);
- formal networks and organization strategic vision (Søndergaard *et al.*, 2007); and
- OC (Alavi and Leidner, 1999; Lee and Choi, 2003; Jones *et al.*, 2006).

Gupta and Govindarajan (2000), in their research on knowledge transfer between MNC headquarters (HQ) and its subsidiaries, lumped together organization factors such as structure, processes, leadership, information systems, reward systems and people and created an organization culture framework. Individual factors, on the other hand, refer to

people- or employee-specific factors, such as coworker congruence and organization commitment (Lin, 2007), interpersonal relationships and motivation (Søndergaard *et al.*, 2007) and, finally, contact time and interaction, social network, TR and cultural differences (Riege, 2005). Technological factors refer to specific factors such as KM systems, information technology processes and technical support that act as enablers that can drive KS within an organization (Anantamula and Kanungo, 2010; Handzic, 2011). However, effective KS is challenging because employees cannot be compelled to do it (Amayah, 2013 p. 455).

This research attempts to examine two important factors that influence KS: organizational climate (OC) and TR. Understanding the impact of OC and TR on KS within the MNC environment is an extremely complex and difficult task, as an MNC operates across global boundaries and is an area that has received little attention. Moreover, past research on KM and KS among MNCs reveals that the emphasis has been more on cross-border knowledge transfer among MNC HQ and its subsidiaries (Minbaeva, 2007; Lee *et al.*, 2008; Monteiro *et al.*, 2008; Mahnke *et al.*, 2009; Yamao *et al.*, 2009).

When examining the impact of organization factors such as culture and TR on KS behaviour, past research tended to adopt a narrower assessment of KS behaviour by limiting it to *knowledge donating* (KD) – one's own willingness to share knowledge within the organization' (Suppiah and Sandhu, 2011; Amayah, 2013). This research intends to adopt a broader view of KS by looking at both *KD* and *knowledge collecting* (KC) – one's ability to get colleagues to share knowledge (Suppiah and Sandhu, 2011).

While the impact of organization culture on KS has received much attention in the literature in recent times (Gupta and Govindarajan, 2000; Park *et al.*, 2004; Al-Alawi *et al.*, 2007), we have opted to look at the impact of OC instead. We go by the argument given by Dennison (1996) and McMurray (2003) that the properties or elements of OC are temporal and easier to identify and change. OC is easier to change as compared to organization culture, as it is rather static, temporal and mainly constrained to those elements which are explicitly noticed by members of the organization (Dennison, 1996). Culture, on the other hand, is harder to be identified, and it is mainly based on the evolution of the social system over a period of time (Dennison, 1996; McMurray, 2003).

Although the concept of TR has been covered extensively in management literature, there is paucity of empirical research that examines the impact of TR on KS (Chowdhury, 2005; Bakker *et al.*, 2006; Hsu and Wang, 2008; Chen and Hung, 2010; Amayah, 2013). In fact, most of the recent research that examined impact of TR on KS have considered it as a one-dimensional construct (Al-Alawi *et al.*, 2007; Chen and Huang, 2007; Renzl, 2008). Chen and Hung (2010) examined the impact of several individual factors (norm of reciprocity, interpersonal TR, KS efficacy, perceived relative advantage and perceived compatibility on knowledge collected and contributed from a sample of virtual communities in Taiwan). However, the interpersonal TR in that study was a one-dimensional construct. In addition, organizational factors such as organizational climate were not included in the model.

We argue that there is a need to look at the multidimensional aspect of TR: affective and cognitive (Chowdhury, 2005) and its impact on KS so that a more in-depth view could be obtained. Trust has been frequently tested as a factor for KS in the virtual setting (Ardichvili *et al.*, 2003a; Wang *et al.*, 2006; Hsu *et al.*, 2007), in the manufacturing sector, for consultancy (Renzl, 2008), among MBA students (Huang *et al.*, 2008), in the banking sector (Julibert, 2008) and in green manufacturing firms (Cheng *et al.*, 2008). Only few empirical studies are available that involve TR and KS in the multinational context. As such, there is dearth of research that examines relationship of affective and cognitive TR with KS in a multinational firm environment. Thus, the insights obtained from this research will have significant contribution to the international business literature.

## Literature review

### *Knowledge sharing*

In his seminal work on internationalization process theory, Penrose (1959) distinguished between objective knowledge and experiential knowledge. Objective knowledge is explicit (e.g. market data, legislation and export technicalities) and can be traded in the market. On the other hand, experiential learning is acquired and possessed by individuals, is context-specific (market-specific) and is not codifiable. Later, Polanyi (1966), Argote *et al.* (2000) and Nonaka (1991) used the word tacit knowledge for the valuable knowledge created via interaction between individuals and through accumulation of personal experience.

Tacit or implicit knowledge refers to knowledge that lives and sticks in a person's mind (Markus, 2001). This type of knowledge is normally deeply embedded in individuals (Janson and Mc Queen, 2007) and is hard to quantify and can be lost easily when employees leave organizations. In their path-breaking conceptual and empirical studies, researchers (Zander, 1991; Kogut and Zander, 1992, 1993; and Zander and Kogut, 1995) completely reversed this view by focussing on capabilities of knowledge transfer in MNCs. The very reason why MNCs exist is that they are efficient vehicles for creating and transferring knowledge across borders (Kogut and Zander, 1993). In particular, the capabilities of transferring tacit knowledge across borders distinguish the MNCs from the purely domestic firms. They held the view that, to a certain extent, tacit knowledge can be codified, i.e. transformed into explicit knowledge. Its availability and use depends upon individual decisions and relationships (Fahey and Prusak, 1998; Cross and Baird, 2000; Hinds and Pfeffer, 2003; Lucas, 2005). The willingness of organizational members to share and use tacit knowledge may depend on the extent to which coworkers are trusted recipients and sources (McAllister, 1995; Nahapiet and Ghoshal, 1998; Tsai and Ghoshal, 1998; Locke, 1999; DeLong and Fahey, 2000; Scott, 2000; Adler and Kwon, 2002; Lucas, 2005).

Much of the extant management literature has focused on KS at the aggregate unit level, and not sufficiently at the level of individuals and human interactions that are the primary sources of knowledge and KS (Argote and Ingram, 2000; Mäkelä and Brewster, 2009). KS typically comprises knowledge exchanges between individuals (Foss *et al.*, 2010); therefore, an understanding of KS at the individual level and the factors that influence it may provide further understanding of knowledge-related outcomes beyond the unit- or firm-level approaches (Felin and Hesterly, 2007; Foss, 2007; Foss *et al.*, 2010).

It is important for organizations to make sure that tacit knowledge is retained within the organizations through the development of proper KS practices in the organizations. This practise could involve different number of individuals within different levels of the organization; an individual sharing with another individual (e.g. one to one), an individual sharing with a group of people (e.g. one to division or department) or an individual sharing with the entire organization (e.g. one to entire company) (Argote *et al.*, 2000). This assumes that at least two parties are involved in this process; one in donating or distributing the knowledge, while the other acquires and collects the knowledge (Van den Hooff and de Ridder, 2004; Vithessonthi, 2008). Similarly, Ardichvili *et al.* (2003b) state that KS requires both sides of providing new knowledge and in requesting or collecting knowledge. Therefore, this paper adopts the concept of knowledge used by Van den Hooff and de Ridder (2004, p. 118), whereby KS is divided into "knowledge donating – giving away to others what one's personal intellectual capital is; and KC – consulting colleagues in order to get them to share their intellectual capital".

### *Organization climate*

According to organization theory, organization factors or institutional structures as they are known (Szulanski, 1996), play a crucial role in influencing KS behaviour (Alavi and Leidner, 1999;

Jones *et al.*, 2006). Bock *et al.* (2005) classify these organization factors as OC or organization culture.

Both organization climate and culture are closely related and are often seen to overlap. However, organization culture is rather stable and consists of “values, beliefs and assumptions” that are deeply rooted in the organization, and it is harder to be determined (Dennison, 1996), while OC is often seen as properties or elements that are temporal and easier to identify and change (Dennison, 1996; McMurray, 2003). Examples of such elements are fairness, affiliation, innovative climate, sense of belonging and top management support (DeLong and Fahey, 2000; Bock *et al.*, 2005). Salient aspects of OC that promote KS include a climate in which individuals are highly trusting of others and of the organization (Hinds and Pfeffer, 2003), an open climate with free-flowing information (Leonard and Sensiper, 1998; Dixon, 2000; Hinds and Pfeffer, 2003), a climate that is tolerant of well-reasoned failure (Leonard and Sensiper, 1998) and a climate infused with pro-social norms (Wasko and Faraj, 2000; Hinds and Pfeffer, 2003).

In our present research, we selected OC over organization culture as the explanatory variable for the reasons cited above. Generally, quantitative survey-based research taps into the features of an organization’s climate, whereas qualitative and interpretive research delves into the nature of an organization’s culture (Bock *et al.*, 2005). Because the focus of this study is to quantitatively assess individuals’ perceptions of their organizational context, we follow Dennison’s (1996) approach of taking salient institutional structures as OC. According to Bock *et al.* (2005):

Related to these institutional structures are three OC factors for KS, which align well with the contextual factors in prior literature: fairness (a trusting climate), innovativeness (a climate that is tolerant of failure and within which information freely flows), and affiliation (a climate characterized by pro-social norms).

Only few research studies look at the impact of these dimensions on KS in an MNC operating in a developing nation. Thus, the findings of this study will have added contribution to the international business literature.

### *Trust*

The concept of TR can be traced back to social capital theory, a theory where capital is created from social relationships and via networking (Adler and Kwon, 2002). Hoffman *et al.* (2005) consider social capital as a structure that promotes development of “collective intellectual capital”. Others view social capital as an enabler of efficient collective action, as it cultivates “cooperative behaviour” (Coleman, 1988; Nahapiet and Ghoshal, 1998). Social capital is also considered as a purposeful relationship that can generate tangible and intangible benefits in the long run (Lin, 1986).

New institutional economics today have explicitly introduced the concept of transaction cost into economic analysis (Coase, 1998; Williamson, 1975). North (1987) specifically considered the impact of lack of TR on the transaction cost. He begins with a simple model of personal exchange. In personal exchange, individuals either engage in repeat dealings with others or, otherwise, have a great deal of personal knowledge about the attributes, characteristics and features of each other. As a result, the measured transaction costs in such a society are very low because of the dense social network of interaction. Cheating, shirking and opportunism, all features that underlie modern industrial organization theory, are limited or indeed absent because they simply do not pay. Norms of behaviour are seldom written down. Formal contracting does not exist, and there are few formal specific rules. Transaction costs in such societies are low (North, 1987).

Although there are many dimensions of social capital (network relationship, trust, willingness to engage, etc), this research will confine to the relational aspect that is TR. TR has been seen as vital dimension of social capital (Coleman, 1988; Putnam, 2000). McAllister (1995, p. 25) defines TR among individuals as “the extent to which a person is

confident in, and willing to act on the basis of the words, actions, and decisions of another". Mayer *et al.* (1995, p. 715) defined TR:

[...] as the willingness of a party to be vulnerable to the actions of another party based on the expectations that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party.

Nguyen *et al.* (2006) view trust as a psychological state characterized by confidence in the partner's capability and integrity to perform certain actions. In addition, according to the literature, TR appears to be a multidimensional construct (Moorman *et al.*, 1992; Barney and Hansen, 1994; McAllister, 1995). Specifically, interpersonal TR is derived from affective and cognitive components (Lewis and Weigert, 1985) and are known in the literature as affective TR and cognitive TR. Affective-based TR is based on personal emotional bond between individuals (Chowdhury, 2005) and permits the assessor (the one who judge) to constantly interact with the counterpart (the one being judged) based on positive feelings and emotion (Parayitam and Dooley, 2007). When the assessor feels emotionally pleasant in the relationship, he or she is more willing to exchange personal information and knowledge (Chowdhury, 2005). Previous studies have shown that as individuals grow closer in their personal relationship to one another, they are increasingly motivated to act in ways that benefit the other (Messick *et al.*, 1983; Brann and Foddy, 1988; Organ, 1990; Nonaka and Takeuchi, 1995; Epstein, 2000).

Cognitive-based TR, on the other hand, is based on the evaluation of capability and reliability of the one being assessed by the assessor (McAllister, 1995; Levin and Cross, 2004). Individuals who are perceived to be highly capable in their work and possess outstanding credentials (such as professional recognition, distinguished education background and experiences) are more likely to develop higher cognition-based TR by the assessor (Chowdhury, 2005). Studies (Arrow, 1974; Szulanski, 1995) suggest that barrier in the sharing of tacit knowledge may arise from the lack of perceived reliability of the source or recipient. When a source of knowledge is not perceived as trustworthy, his/her advice and knowledge may be more openly challenged and resisted (Szulanski, 1995). Other studies have found that before tacit knowledge is used by other employees, the source must have a solid reputation within the organization (Lucas, 2005; Foos *et al.*, 2006). These studies, taken together, suggest that employees must be relatively certain that tacit knowledge sources will provide all the relevant information, will deliver what is expected and are perceived in the organization as possessing worthwhile knowledge. Thus, the use of tacit knowledge depends on cognition-based TR.

However, it is important to note, observed Chowdhury (2005, p. 313), that:

Individuals with affect based trust may not always develop cognition based trust and consequently not pursue collaboration on certain professional activities. Likewise, individuals with cognition-based trust might not always develop affect-based trust and therefore not have shared values, perceptions and mental models. For example, two managers who share similar values or mental models of an effective management-union relationship might not always work together as management representatives in negotiating with the union. This is because one of them might not be confident of the other's negotiating skills. Similarly, two managers with cognition-based trust who collaborate in negotiating with the union might not always have shared values or mental models of an effective management-union relationship.

## KS and TR in the Asian context

In examining the role of climate and TR in KS, the cultural setting of the study cannot be overlooked. Ritter and Choi's (2000) survey suggested that certain Asian behaviours hindered KS in the organization. These include being less open, more passive and too polite to criticize others.

The work of Hofstede (1991) and Trompenaars (1994) can be used to illustrate major cultural differences between emerging and developed markets (Fletcher and Fang, 2006).

A comparison of the 14 least developed countries with the 14 most developed countries on the basis of Hofstede and Trompenaars's dimensions (Fletcher and Melewar, 2001) showed:

- as emerging markets exhibit a much greater degree of power distance, relationships formed are more likely to be influenced by hierarchy;
- as emerging markets display a much greater degree of collectivism, cooperation, rather than competition, will characterize networks;
- as emerging markets are more particularist than universalist, relationships are more likely to be formed for specific purposes, and, as a consequence, the networks are likely to be more flexible; and
- as emerging markets are specific as opposed to diffuse, context will play a greater role in relationship formation.

The individualism–collectivism dimension has been shown to affect personal relationships (Suh *et al.*, 2006). As pointed out by Hofstede (1984, p. 163), unlike friendships in less individualist countries, “affective relationships are not socially predetermined, but must be acquired by each individual personally”. In contrast to the USA, countries such as Korea and Japan are relationship-based societies with a strong network of social ties. Hoyer and MacInnis (1997, p. 307) describe the importance of considering cultural influences with respect to building TR and commitment for people from collectivist cultures.

One common denominator of most Asian cultures is the strong emphasis placed on family, tradition and cooperation. Thus, the group is often more important than the individual. Developing relationships is extremely important to Asian–Americans.

Spake *et al.*'s (1998) study of current and ideal relationships across Korea and the USA showed that significant differences exist between the two cultures in terms of characteristics used to describe important relationships. For example, in the context of business relationships, US respondents placed a high emphasis on TR, whereas Korean respondents placed a lesser value on TR and a higher value on cooperation. This may indicate that at least one basic component of relationship marketing – TR – may, in fact, be emphasized to a lesser or greater extent, depending on the cultural context.

Several studies in the Asian context (Chowdhury, 2005; Robertson and O'Malley-Hammersley, 2000; Ruppel and Harrington, 2001; Swart and Harvey, 2011; Wang *et al.*, 2007; Yeh *et al.*, 2006; Naoki and Rhee, 2009; Jaura and Michailova, 2014) have reported positive relationships between TR and KS.

### *OC and KS*

Research on the impact of OC on KM/KS activities has received a lot of attention in the KM literature (Lin and Lee, 2006). Procedural and distributive climate in the organization was found to facilitate tacit KS (Yi, 2009). Davenport and Prusak (1998) and Dixon (2000) find open communication and concern for employees as important factors steering KS. In addition, management's encouragement and risk tolerance also surfaced in the literature as important dimensions of OC that encouraged KS activities (Lopez *et al.*, 2004; Lee *et al.*, 2006). Janz and Prasarnphanich (2003) considered autonomy, risk, reward, warmth and support as the antecedents for KM activities. According to Bock *et al.* (2005) OC can be classified into fairness, innovativeness and affiliation. Empirical research by these authors found a significant influence of OC on KS behaviour. For the purpose of the present research, we adopted three dimensions representing OC as proposed by Bock *et al.* (2005): fairness, innovativeness and affiliation. Some other OC models proposed by other researchers appear narrow, such as Chen *et al.* (2010) focussed only on innovative climate and supportive climate. As such, Bock *et al.*'s model was chosen for this research.

### *Fairness*

Bock *et al.* (2005, p. 94) described fairness as:

[. . .] the perception that organizational practices are equitable and neither arbitrary nor capricious, and this builds TR between members and serves to overcome the public good dilemma associated with KS.

Fairness is perceived as a driver that initiates KS in an organization (Wasko and Faraj, 2000; Burgess, 2005). If employees in an organization believe that they are evaluated and rewarded in a fair manner, then they are more willing to contribute (Hislop, 2003). As such, fairness in the organization aids in building organization citizenship and TR among members (Bartol and Srivastava, 2002). Thus, when employees recognize a climate of fairness in the organization, they will have a higher tendency to engage in organizational activities, such as KS. Bock *et al.* (2005) reported that employees who perceived a fair climate are more willing to participate in KS. Thus, it could be concluded that a climate of fairness is capable in motivating one's attitude towards KS. This gives us the first two hypotheses:

H1. Fairness is positively related to knowledge donating.

H2. Fairness is positively related to knowledge collecting.

### *Innovativeness*

Innovation is regarded as an iterative process that seeks to tap into new opportunities by creating new invention (Garcia and Calantone, 2002). For firms to stay innovative, members of the organization are required to encourage open information flow; be focus-oriented on organization learning; promote flexibility in work routine; endorse reasonable risk-taking; and substantiate entrepreneurial values (Slater, 1997; Hurley and Hult, 1998; Roth, 2003; Bock *et al.*, 2005). In an innovative climate, employees are often required to anticipate changes, and they should always seek to recognize new and creative ideas (Hurley and Hult, 1998). As such, members working under an innovative climate will tend to share their ingenious ideas across the organization (Kim and Lee, 1995). In the context of KM, innovative climate is said to be crucial to enhance KS (Amabile *et al.*, 1996; Reisenberger, 1999; Lopez *et al.*, 2004; Hsu and Wang, 2008). The following hypotheses are thus derived:

H3. Innovative climate is positively related to knowledge donating.

H4. Innovative climate is positively related to knowledge collecting.

### *Affiliation*

A climate where personal affiliation thrives is basically a state where a "sense of togetherness" prevails and caring and pro-social behaviour is demonstrated among the organization's members (Bock *et al.*, 2005, p. 94). Chay *et al.* (2005) contended that a pro-social behaviour encourages one to volunteer to assist those they like and feel compatible with. In other words, the sense of affiliation measures the feeling of togetherness or closeness with other members. These feelings are developed based on the care and warmth received by him or her during needy times. As such, strong affiliation in the organization encourages employees to go beyond their responsibility to help each other in the organization (Bock and Kim, 2002). Employees with high affiliation tend to be more concerned about the feelings, thoughts and viewpoints of other colleagues (Bock *et al.*, 2005). As a result, those with a high sense of affiliation will develop a strong bond with others, such as friendship, and increase social interaction (Cardador and Pratt, 2006). As such, the employee is more attached with the other members in the organization and a platform is set for him or her to share his/her knowledge. Likewise, individuals with low levels of affiliation might not be keen to share even if their immediate work group is highly collective (Ardichvili *et al.*, 2006). Thus, a strong sense of affiliation is vital for KS.

Bock *et al.* (2005) found that a high-affiliation climate encourages employees to share their knowledge. This leads us to the following hypotheses:

H5. Affiliation is positively related to knowledge donating.

H6. Affiliation is positively related to knowledge collecting.

### *Trust and KS*

Trust is another important determinant of KS (Gruenfeld *et al.*, 1996; Goh, 2002; Chowdhury, 2005; Foos *et al.*, 2006; Cheng *et al.*, 2008). As commented by Davenport and Prusak (1998), TR lies at the central point of KS. The levels of risk and uncertainty that are associated with tacit knowledge transfer are reduced by trusting relationships (Foos *et al.*, 2006). Some transfer of tacit knowledge is formal, resulting from training events or conferences, while other is more informal, resulting from interdepartmental task forces, informal social networks and employee interactions (Marquardt, 1996). Key to both formal and informal tacit knowledge transfer is the willingness and capacity of individuals to share what they know and to use what they learn (Szulanski, 1995, 1996; O' Dell and Grayson, 1999; Foos *et al.*, 2006). At a basic level, TR serves as a substitute for the ability to monitor or verify information. TR has several roles in KS, both as an antecedent and as a consequence of KS. Within the context of a relationship, it operates to strengthen the relationship, and the relationship, in turn, provides more reasons to TR (McNeish and Mann, 2010). Szulanski (1996) relates difficulties in KS as "stickiness" of knowledge. When the level of stickiness increases, the barriers of KS increase. In her seminal work, she argued that stickiness occurs due to the uncertainty of the cause-effect of the knowledge shared and arduous relationship between the knowledge donor and the knowledge collector. Based on her research, it is suggested that stronger relationship, based on TR between both knowledge donor and knowledge collector, could ease the process of KS.

Nelson and Coopridge (1996) empirically tested TR as an antecedent to KS and found a causal relationship. When TR exists, some researchers suggest that people are more willing to give useful knowledge (Zand, 1972). It seems as if they are "more willing to listen to, and absorb other's knowledge" (Mayer *et al.*, 1995). According to Andaleeb (1995), a higher level of TR aids in the improvement of emotional ties between individuals by reducing the perception of vagueness, doubt and complexity on another's actions and behaviours. An individual with a higher level of TR will have higher intention to willingly engage in KS (Cheng *et al.*, 2008; Huang *et al.*, 2008). Chowdhury (2005) argues that affective-based TR promotes social emotional ties, whereas cognitive-based TR promotes professional collaboration. We posit that in a multinational environment context, it is likely that both affective- and cognitive-based TR are important determinants of KS. Employees in a multinational environment are aware of the importance of KS and may willingly share knowledge to ensure it benefits the organization. However, the ease with which knowledge is shared will depend on social relationships within the organization. This is where the impact on KD and KC may differ depending on the existence of emotional ties and professional collaborative needs within and across departments. Collecting knowledge from colleagues or getting colleagues to share knowledge can be a more complex task than donating knowledge. Thus, the following hypotheses are derived:

H7. Affective-based TR is positively related to knowledge donating.

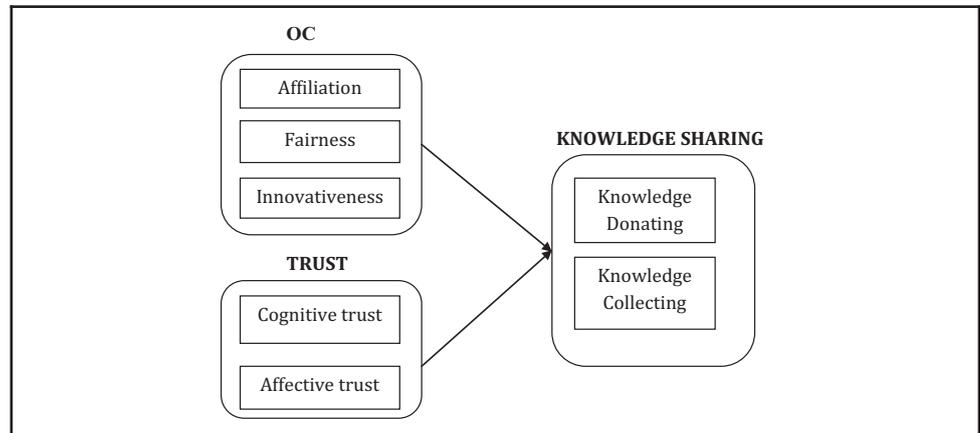
H8. Affective-based trust is positively related to knowledge collecting.

H9. Cognitive-based trust is positively related to knowledge donating.

H10. Cognitive-based trust is positively related to knowledge collecting.

The theoretical framework for this study is depicted in Figure 1. The dependent variables are KD and KC, whereas the independent variables are affiliation, fairness, innovative climate, affective-based TR and cognitive-based TR.

**Figure 1** Schematic diagram of the conceptual framework



## Methodology

### *Data collection method*

Data were collected using a drop-off survey method. The respondents were mainly executives at the senior- and middle-management levels. Sampling strategy followed few stages. As a first step, 25 MNCs were randomly selected within the Klang Valley, where majority of the MNCs in Malaysia are located. Klang Valley is a geographical area surrounding the capital city of Malaysia, as well as several cities in the state of Selangor such as Petaling Jaya, Shah Alam, Klang, Ampang, Serdang, Selayang, Kepong, Bangi, Kajang, Kapar, Kinrara, Puchong, Subang Jaya, etc.). The addresses of the MNCs were obtained from the Foreign Companies Directory in Malaysia Year Book 2009. In the next step, 30 questionnaires were distributed to each of the selected MNCs (750 questionnaires). A total of 231 usable questionnaires were returned, giving a response rate of 31 per cent.

### *Measurement*

The items for the constructs were adapted from past studies and measured on a 7-point Likert scale (1 strongly disagree, 7 strongly agree). [Table I](#) lists all the constructs, sources and number of items used.

### *Exploratory factor analysis*

We conducted the Kaiser–Mayer–Olkin’s (KMO) measure of sampling adequacy test and Bartlett’s test of sphericity to assess the suitability of the survey data for factor analysis ([Hair et al., 2006](#)). Factor analysis was also useful to determine construct validity: convergent and discriminant validity. The results of the KMO measure of sampling adequacy and Bartlett’s tests show that the data meet the fundamental requirements for factor analysis. The KMO

**Table I** Constructs and source

<i>Construct</i>	<i>No. of items</i>	<i>Source</i>
Affiliation	4	<a href="#">Bock et al. (2005)</a>
Fairness	3	<a href="#">Bock et al. (2005)</a>
Innovative climate	3	<a href="#">Bock et al. (2005)</a>
Affective-based trust	5	<a href="#">Yang et al. (2009)</a>
Cognitive-based trust	5	<a href="#">Yang et al. (2009)</a>
KD	6	<a href="#">Van Den Hooff and de Ridder (2004)</a>
KC	4	<a href="#">Van Den Hooff and de Ridder (2004)</a>

measure of sampling adequacy is 0.919, and the Bartlett test is highly significant. Factor analysis with principal component analysis and varimax rotation was used to group the independent variables (OC and TR) into several common factors. The results are reported in Table II. The factor analysis generated four factors as solution with a total cumulative percentage of variance of 73.47, and they were found to have meaningful relationships and were, therefore, retained. The factors retained are interpreted as follows: F1: Affiliation (AFL); F2: Cognitive-based TR (CBT); F3: Affective-based TR (ABT); and F4: Fairness (FR)

Two items for affective TR and one item for cognitive TR from the original questionnaire were omitted, as it did not fall in the expected group after the factor analysis. Innovativeness as an element of OC was dropped because the items did not group together after factor analysis. It would be interesting to note that several studies (Lin, 2007; Liao, 2006) have all together proposed a different relationship between innovativeness and KS. These studies have tried to see the relationship between KS and innovativeness and not vice versa. Lin's (2007) study, for example, found that employees' willingness to both donate and collect knowledge enables the firm to improve innovation capability. Similarly, a study by Rahab *et al.* (2011) of Indonesian creative industry found that employee willingness to both donate and collect knowledge enables the firm to improve capability. Thus, the possibility of reverse causality exists.

Factor analysis for dependent variable, KS, generated two factors as solution with a total cumulative percentage of variance of 78. The two factors were found to have a meaningful relationship and were retained. The factors are depicted in Table III. The factors were interpreted as follows: F5: Knowledge collecting (KC); F6: Knowledge donating (KD).

Three items for knowledge donating from the original questionnaire were omitted, as it did not fall into the expected group after the factor analysis.

#### Reliability analysis

A Cronbach coefficient alpha test was conducted on all the six variables (four independent variables and two dependent variables) to test the reliability. The values of Cronbach alpha coefficient are depicted in Table IV. All OC and TR dimensions and KS behaviour were found to have alpha coefficient values greater than 0.7, which is an acceptable level of reliability (Hair *et al.*, 2006).

Item	F1	F2	F3	F4
Members in my department keep close ties with each other	0.855			
Members in my department consider other members' standpoint highly	0.826			
Members in my department have a strong feeling of "one team"	0.823			
Members in my department cooperate well with each other	0.823			
My colleague follows through with commitments he/she makes		0.860		
I can rely on my colleague to do what is best at work		0.834		
I can depend on my colleague to meet his/her responsibilities		0.826		
Given my colleague's track record, I see no reason to doubt his/her competence		0.811		
I'm sure I could openly communicate my feelings to my colleague			0.863	
If I shared my problems with my colleague, I know he/she would respond with care			0.811	
I feel secure with my colleague because of his/her sincerity			0.766	
My boss doesn't show favouritism to anyone				0.795
I can trust my boss's evaluation to be accurate				0.766
Objectives that are given to me are reasonable				0.757

**Table III** Factor analysis (dependent variables: KD and KC)

<i>Item</i>	<i>F5</i>	<i>F6</i>
Colleagues outside of my department tell me what their skills are when I ask them about it	0.889	
Colleagues outside of my department tell me what they know when I ask them about it	0.864	
Colleagues within my department tell me what their skills are when I ask them about it	0.770	
Colleagues within my department tell me what they know when I ask them about it	0.759	
I share my skills with colleagues within my department		0.858
I share the information I have with colleagues within my department		0.849
When I've learnt something new, I see to it that colleagues in my department can learn it as well		0.737

**Table IV** Reliability tests

<i>Factors</i>	<i>Cronbach alpha values</i>
Affiliation	0.935
Fairness	0.830
Cognitive trust	0.907
Affective trust	0.883
KD	0.843
KC	0.891

## Data analysis and results

### *Respondents' profile*

The respondents in the study comprised knowledge workers employed in selected MNCs around Klang Valley, Malaysia (where most MNCs are located). According to Malaysian Industrial Development Authority (MIDA), a knowledge worker is a person who holds tertiary qualification from institutions of higher learning (in any field); possesses a diploma in multimedia and information and communication technology (ICT) or some specialized ICT certification; and has minimum two years of relevant work experience in ICT-related areas (MIDA, 2012). This includes all professionals and executives in management and technical work categories employed in various sectors such as banking, finance, accounting, human resource and marketing. Based on this definition, we only focussed on senior-, middle- and junior- management-level employees who met the required definition of knowledge workers. These employees were selected, as they are the ones who are particularly more actively involved in tacit KS activities. More than 80 per cent of the respondents were above the age of 40 years. In terms of gender, 54 per cent of the respondents were male and 45 per cent were female. From the 231 respondents, majority of the participants were Malaysian Chinese (50 per cent) followed by Malays (28 per cent) and Malaysian Indians (20 per cent). In terms of education, 19 per cent of the respondents had a basic diploma, 56 per cent had a bachelor's degree and 16 per cent had a master's qualification fulfilling the criteria of knowledge workers. About 20 per cent of the respondents held senior management position in their firms, 30 per cent were middle-level managers and 39 per cent were holding junior-level positions. In terms of length of service, more than 65 per cent respondents had work experience of more than five years.

### *Descriptive statistics and analysis*

Means, standard deviations and bivariate correlations (part of descriptive statistics) involving both the dependent and independent variables were calculated and are reported in Tables V and VI. A closer examination of the mean scores for KD and KC reveals that, generally, employees in MNCs are very positive towards sharing of knowledge in the firms.

**Table V** Descriptive statistics

Variable	Means	SD	1	2	3	4	5
KD	5.82	0.72					
KC	5.17	0.92	0.470*				
AFL	5.12	1.13	0.367*	0.472*			
FR	4.84	1.14	0.240*	0.346*	0.557*		
CT	5.41	0.89	0.304*	0.347*	0.420*	0.298*	
AT	5.21	0.98	0.284*	0.401*	0.447*	0.458*	0.504*

Notes:  $N = 231$ ; \*correlation is significant at the 0.01 level (one-tailed); 7-point scale was used with 1 = strongly disagree, 2 = disagree, 3 = somewhat disagree, 4 = undecided, 5 = somewhat agree, 6 = agree, 7 = strongly agree

**Table VI** Constructs, items, mean scores and standard deviation

Construct and items	Mean scores	SD
<i>KC</i>	5.17	
Colleagues within my department tell me what they know, when I ask them about it	5.47	1.02
Colleagues within my department tell me what their skills are when I ask them about it	5.29	1.04
Colleagues outside of my department tell me what they know when I ask them about it	5.00	1.10
Colleagues outside of my department tell me what their skills are, when I ask them about it	4.93	1.08
<i>KD</i>	5.82	
When I've learnt something new, I see to it that colleagues in my department can learn it as well	5.73	
I share the information I have with colleagues within my department	5.91	0.80
I share my skills with colleagues within my department	5.83	0.81
<i>Affiliation (AFL)</i>	5.12	
Members in my department keep close ties with each other	5.15	1.20
Members in my department consider other members' standpoint highly	5.00	1.21
Members in my department have a strong feeling of "one team"	5.09	1.34
Members in my department cooperate well with each other	5.23	1.16
<i>Fairness (FN)</i>		4.84
I can trust my boss's evaluation to be accurate	4.91	1.28
Objectives which are given to me are reasonable	5.13	1.06
My boss doesn't show favouritism to anyone	4.47	1.59
<i>Affective-based trust (ABT)</i>	5.21	
If I shared my problems with my colleague, I know he/she would respond with care	5.27	1.07
I'm sure I could openly communicate my feelings to my colleague	5.11	1.14
I feel secure with my colleague because of his/her sincerity	5.27	1.07
<i>Cognitive-based trust (CBT)</i>	5.4	
I can depend on my colleague to meet his/her responsibilities	5.40	1.10
I can rely on my colleague to do what is best at work	5.36	1.06
My colleague follows through with commitments he/she makes	5.41	0.92
Given my colleague's track record, I see no reason to doubt his/her competence	5.45	0.94

Mean score for KD (5.82) was higher than that for KC (5.17). Among the climate variables, highest mean score was obtained for cognitive TR (5.41), and the lowest mean score was obtained for fairness (4.84). Mean score for cognitive TR (5.41) was higher than that for affective TR (5.21).

#### Multiple regression analysis

To examine the impact of OC and TR on KD and KC and to test the hypothesized relationships, we used multiple regression analysis. The results of the regression analysis are shown in Tables VII and VIII, respectively. To test for multicollinearity, variance inflation factor values were examined; all values were found to be below 2, meaning there is low multicollinearity among the independent variables, and the stability of the regression was not affected (Hair *et al.*, 1995). Regression results explaining the relationship of OC and TR with KD and relationship of OC and TR with KC are given in Tables VII and VIII, respectively

**Table VII** Regression results explaining the relationship of OC and trust with KD

Independent variables	Beta coefficient	t-value	p-value	VIF
Constant	3.963	13.06	0.00	
AFL	0.259	3.32	0.00*	1.65
FR	0.011	0.138	0.89	1.57
CT	0.147	2.026	0.044**	1.43
AT	0.090	1.173	0.242	1.59

Notes:  $R^2 = 0.168$ ,  $F = 11.386$ , significance = 0.000; \* $p < 0.01$ ; \*\* $p < 0.05$ ;  $N = 231$ ; DV:KD

**Table VIII** Model 2: regression results explaining the relationship of OC and trust with KC

Independent variables	$\beta$ coefficient	t-value	p-value	VIF
Constant	2.171	6.033	0.00	
AFL	0.315	4.337	0.00*	1.65
FR	0.056	0.794	0.428	1.57
CT	0.107	1.579	0.116	1.43
AT	0.180	2.531	0.012**	1.59

Notes:  $R^2 = 0.278$ ,  $F = 27.711$ , significance = 0.000; \* $p < 0.01$ ; \*\* $p < 0.05$ ;  $N = 231$ ; DV:KC

The result in [Table VII](#) indicates that only affiliative and cognitive TR are positively related with KD.  $H5$  and  $H9$  were therefore supported. Fairness and affective TR did not have a significant positive relationship with KD; thus  $H1$  and  $H7$  are not supported.  $R^2$  value of 0.168 showed that 17 per cent of the variance in KD is explained by OC and TR. A closer examination of the regression results reveals that affiliation had stronger relationship with KD ( $\beta = 0.259$ ) compared with Cognitive Trust ( $\beta = 0.147$ ).

The result in [Table VIII](#) shows that only affiliation and affective TR had significant positive relationships with KC.  $H6$  and  $H8$  were therefore supported. Fairness and cognitive TR did not have significant positive relationships with KC; thus,  $H2$  and  $H10$  are not supported.  $R^2$  value of 0.278 showed that 28 per cent of the variance in KC is explained by OC and TR. A closer examination of the regression results reveals that again affiliation had a stronger relationship with KD ( $\beta = 0.315$ ) compared with affective TR ( $\beta = 0.18$ ).

## Discussion

The main aim of this study was to examine the relationship between OC and KS behaviour and the relationship between TR and KS behaviour among executives at selected MNCs in a developing nation. Several dimensions of OC and TR were found to have a significant impact on KS behaviour. The overall proposed model showed good fit to the data and partially confirmed some of the hypotheses in the study. As hypothesized, affiliation was found to have significant positive relationship with both KD and KC. In addition, CT was found to have significant positive relationship with KD, but it had an insignificant positive relationship with KC. Affective TR was found to have a significant positive relationship with KC and an insignificant relationship with KD. Mean score for KD (5.82) was higher than that for KC (5.17). Among the climate variables, highest mean score was obtained for cognitive TR (5.41), and the lowest mean score was obtained for fairness (4.84). A possible explanation for relatively low mean score for fairness could be that well-defined systems and processes were in place in these MNCs, and, therefore, respondents did not feel this to be very important.

The results from this research corroborate the findings from past research ([Chowdhury, 2005](#); [Lee et al., 2006](#); [Huang et al., 2008](#)) that both affective and cognitive TR remain important factors influencing KS behaviour. The finding that TR significantly predicts KS supports [Zand's \(1972\)](#) observation from executive decision-making teams that TR shown

by team members is associated with openness and accuracy of information and knowledge shared. In professional organizations, reliance-based TR is considered to be having a more significant effect on KS as compared to personal and affective nature of disclosure-based TR. Chowdhury (2005) concluded that cognition-based TR in dyads has a stronger influence on KS than affect-based TR. In our study, we had tried to see the relationship of cognitive and affective TR separately with the two components of KS, namely, KD and knowledge receiving. We found that cognitive TR had a significant positive relationship with KD and an insignificant relationship with KC, whereas affective TR had a significant positive relationship with KC and an insignificant relationship with KD. Moreover, cognitive TR was found to have a stronger influence (15 > 9 per cent) on KD than affective TR, and affective TR was found to have a stronger influence (18 > 11 per cent) on KC than on cognitive TR. This shows that both cognitive affective TR influence different categories of KS, and assessing the impact of TR on different categories of KS is vital to obtain more reliable and accurate predictions. This research also suggests that TR remains an important social capital that enables KS. One's willingness to donate knowledge to colleagues would likely depend on cognitive TR, and one's KC behaviour would depend on affective TR. We argue that KD takes place in MNCs because of one's professional responsibility to do so, and, therefore, cognitive TR has a significant influence of KD. On the other hand, a person's willingness to collect knowledge from his/her colleagues might be perceived as his/her weakness or incompetency, and, in such cases, a person would prefer to rely on his/her trusted colleagues. Affective TR, therefore, becomes much more significant at this juncture. Professional collaboration alone is not sufficient for KC. An individual may need to establish greater emotional ties with their colleagues to ensure it is easier to get knowledge from colleagues.

Affiliation was found to be not only a significant factor influencing KD and KC but had the strongest influence as compared to all the other independent variables. This shows that having a climate that promotes social behaviour is vital to encourage people to share knowledge irrespective of whether it is donating or collecting. The finding supports past research conducted by Bock and Kim (2002) and Ardichvili *et al.* (2006) who also found high Affiliation to enhance social interaction that eventually promotes KS. Because higher levels of affiliative behaviour leads to increased affect-based TR, managerial actions and practices that encourage and even measure these types of collaborative behaviour may be considered a worthwhile investment, as it may lead to greater levels of sharing and use of knowledge within the organization. In cases where cognitive TR significantly affects affective TR, managers may be advised to focus on identifying and correcting weaknesses of professional staff related to their job performance. Overcoming such weaknesses through training, on-the-job instructions and development experiences are likely to pay off in the form of greater levels of TR.

Earlier researchers (Wasko and Faraj, 2000; Burgess, 2005) argued that lack of fairness (favouritism by the boss, lack of TR in boss's evaluation to be accurate and objectives given not being reasonable) may lead to employees having greater affiliation with each other. This greater affiliation, therefore, leads to greater degrees of KS. However, in our study, we did not find any positive relationship between fairness and KD and KC, despite fairness having the lowest mean score (4.84) among all the variables. We may only think that despite fairness being perceived low by employees in the sample of our study, it is not as bad, which might force employees to seek greater affiliation with each other and, in turn, result into greater KS.

### Implications

This research has provided both theoretical and managerial implications to advance further the literature on the impact of organization factors such as OC and individual factors such as TR on KS behaviour. While there is ample literature that looks at the broader impact of organization culture on KS (McDermott and O'Dell, 2001; Al-Alawi *et al.*, 2007; Suppiah and Sandhu, 2011), this research has attempted to look at the more visible element of the organization that is easier

to change: OC. In addition, this research examines the relationship of OC with specific KS dimensions such as KD and KC. Limited research has addressed this.

This research has also contributed further to business literature by applying social capital theory in explaining the impact of multidimensional categories of TR: Affective TR and cognitive TR on KD and KC. It is interesting to note that in the MNC context, both emotional bonding and ties (affective TR) and professional collaboration (cognitive TR) play a vital role on different areas of KS. Although, [Chowdhury \(2005\)](#) conducted similar research on this, his focus was more on the broader unidimensional view of KS and not multidimensional view of KS (KD and KC). The study by [Chowdhury \(2005\)](#) was confined to a group of students. The realities of real-world environment could be different. Because this study was done in a business environment, it is an important contribution to the knowledge literature.

From a practical perspective, this research can help KM practitioners create a more conducive KS climate within an organization. To enhance KD and KC, KM and KS practitioners should focus and give more emphasis on enhancing a climate that develops “togetherness”, where employees possess a strong sense of bonding, irrespective of whether it is emotional or professional. Human resource practices must also promote greater social interaction among staff and nurture ways to increase employees’ level of affiliation and TR. This study has important implications for managers. Although there are still many organizations that do not explicitly link or frame initiatives being undertaken to develop and exploit organizational knowledge to the organization’s business strategy ([Zack, 1999](#)), this trend in the Malaysian economy would increasingly require them to start considering knowledge as valuable and core to their business strategy. Our policymakers have already recognized the need to generate wealth from intellectual capital. National Innovation Policy of the Malaysian Government has put innovation as the national agenda ([Asgari and Chan, 2007](#)). Empowering people to collaborate, learn and take full advantage of their collective knowledge should be practiced in innovative organizations. However, when promoting collaboration, managers face an important problem of instilling TR into their colleagues. Even with pertinent individuals, a team that does not build a trusting relationship is not an effective team, as it fails to share knowledge. Managers should strive for a teamwork environment that is conducive to both professional and social collaboration. An environment of cooperation should be encouraged. Team-based performance evaluation can potentially create an environment where people can rely on one another ([Cianni and Whuck, 1997](#)). Team-based performance evaluation is suggested to be effective for work that requires resource sharing and close coordination or for one that contributes to a common fate ([Becker and Mathieu, 2003](#)).

## Conclusion

This research has a few limitations. First, the sample size is quite small compared to the number of MNCs in Malaysia. Second, the sampling was confined to the Klang Valley area, which makes it difficult to generalize the findings from this research. Because MNCs have subsidiaries in various locations around the world, it would be interesting if future studies can be extended to cover employees of different multinational subsidiaries that are dispersed across global boundaries. Future studies should also examine whether personal and demographic factors such as gender, ethnicity, job position, type of industry or country of origin will moderate the impact of OC and TR on KD and KC. It will also be useful to examine the extent to which TR moderates the relationship between OC and KS. Longitudinal studies may make it possible to understand the causal ordering among alternative TR types and willingness to share and use knowledge. In the Malaysian context, given the innovation being the national agenda of the government, building a nested model to test the relationship between learning organization, KS behaviour and firm innovation would be interesting and useful. A study to determine whether employees’ willingness to both donate and collect knowledge enables the firm to improve innovation capability would be extremely useful in the Malaysian context. In addition, it will be useful to develop a valid

construct for innovativeness. Because fairness in our study did not find support in KS behaviour in contrast to several previous studies, it would be useful to study two elements of fairness – procedural justice and distributive justice – separately.

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