

The Effect of Innovation Culture and Job Satisfaction on the Relation between Human Resources Management and Employee's Ownership in Shahr Bank of Tabriz

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Abstract: The aim of this study is to investigate the effect of innovation culture and job satisfaction on the relation between human resource management and employee's ownership in Shahr bank of Tabriz. This research is applicable in terms of aim, descriptive and correlated in terms of data gathering and quantitative (i.e., using a questionnaire) in terms of the type of data gathering. Statistical population of this study is Shahr bank employees in Tabriz. Considering the fact that there are 100 employees working in seven branch offices and 11 office counters of Shahr bank around Tabriz, the research questionnaires were distributed over the whole population. Visual-PLS Software was used to analyze data provided by the questionnaires through structural equation modeling. Results from findings in this research show that the strategic human resource management, innovation culture and job satisfaction have a positive effect on the employee's ownership. Moreover, innovation culture increases the job satisfaction among employees.

Key words: Innovation culture, job satisfaction, strategic human resource management, employee ownership, correlated in terms

INTRODUCTION

Putting factors like culture organizational learning and meeting the organization needs in this regard into consideration, highlights the importance of employees in the organization. Davoodi *et al.* (2013) stated in their studies that organizational culture and job motivation have a positive and meaningful effect on the employee's job satisfaction. Azarnoosh *et al.* (2012) also supported the claim that employee's ownership keeps them and their job satisfaction more stable and perseverant. Uslu (2014) believes that culture in one hand increases the psychological ownership in the employees and in the other hand improves their commitment to the organization.

Innovation is very important to achieve successful performance results in the companies. Even there is a common view about the effects of the environment to increase creativity there are limited studies about the organizations how to use their strategic Human Resource Management (HRM) for this purpose. Strategic HRM as planned Human Resource (HR) practices to achieve organizational targets have the power to direct employee's attitudes and behaviors to create influences about the environment. So, the studies about the influences on the employee's creativity of the strategic or non-strategic HRM should be done (Uslu, 2015). The

better the work environment organizations provide for the employees, the more the commitment they will have. This can result in an increase in the employee's ownership spirit as well as their job satisfaction. In this regard the Shahr bank is trying to take a positive and successful step forward by applying proper strategies. Shahr bank is putting effort in being an active participant in both internal market (over the country) and international market and also in presenting distinct services through various financial, monetary activities and investing in different sectors of banking industry. Presenting variety of distinct, innovative services is among characteristics of this bank which supports natural and legal persons in and out of the country by presenting bank business models. The aim of this is to achieve customer orientation in all banking systems and also to create agility and flexibility which lead to the organization development and occupational activities. All objectives of an organization can be fulfilled when its employees have a positive attitude towards it. This study is trying to come to a realistic and applicable conclusion through investigating the important organizational variables such as innovation culture and strategic human resources management regarding the Shahr bank employee's ownership and their job satisfaction. It is trying to provide some answers for the following question. What is the effect of innovation culture and the job satisfaction on the relationship

between human resources management and employee's ownership among personnel of different branches of Shahr bank of Tabriz?

Literature review

Strategic human resource management: Strategic human resource management refers to the planned pattern of human resources and activities related to human resource management in order to achieve the organization objectives. In other words, strategic human resource management means that organization should manage their human resources by its long-term applications to achieve efficacy so that, these resources can do required behavior and qualifications appropriate for internal and external environment of the organization. The basic aim of the strategic human resources is to create the strategic capacity through ensuring the idea that the organization has skilled, responsible and motivated employees who try to achieve the advantage of a stable competition (Sanchez *et al.*, 2015).

Strategic human resource management has five dimensions including providing human resources, instruction, performance assessment, reward for delivering services, employee's engagement). Providing human resources is related to goals and guidelines of the organization and recognizing opportunities and threats of the environment outside the organization and determining the merits and flaws and important capacities of available resources. Instruction is related to increasing the employee's technical capabilities and expertise in performing the assigned responsibilities and fulfilling some of their potential abilities in order to establish a learning and thought-maker organization. Performance assessment refers to systematic and regular evaluation of individual's performance according to the way they do their task and also determining their capability to make progress and improvement. Reward for delivering services means planning all the financial and other kinds of advantages according to the environment in and out of the organization. Employees engagement in making decisions and using their ideas and offers to improve and develop the organization.

Innovation culture: Innovation is as old as mankind because human beings have always been looking for new ways to do their job. The world we are living in would be completely different without innovation. Considering the competitive conditions, nowadays organizations are subject to change and transformation and the ultimate success and even in some cases the survival of organizations depends on the programmer's capability to create innovation and conditions to put them into practice

as well as implementing novel notions and ideas. Innovation (creation, transition, reaction to and changing the ideas) is a critical factor for the organization's development, success and survival when it is involved in competitions at a changing and unstable environment. (Khosravian *et al.*, 2012). Having a general overview, we can say that innovation is an activity with the aim of creation, transition, changing and showing reaction to novel ideas. Different researchers have introduced similar definitions for this phenomenon in such a way that it can be claimed that from their point of view not only is innovation the conscious invention of novel ideas but it also involves introduction and applying these ideas. In this regard it can be mentioned that the successful organizations are able to integrate innovation into the organizational culture and the process of the organization management. However, culture influence creativity and innovation through various ways such as socialization process and sociability, policies, plans and procedures. In such a context, innovation culture serves as a group, social or organizational framework which encompasses the tracks of technological changes and provides conditions to deal with them. Organizational constitution organizational learning and market orientation are among important dimensions of innovation culture which are effectively applicable. Investigation results show that in the context of organizational constituency, all members in organizations with tendency to innovation have appropriate perception towards chain values as well as vital and basic interests related to their organization and correspondent sectors. They also are aware of the fact that customers or sectors of the market are the most trustworthy basis for the future growth (Dobni, 2008). Organizational learning alongside with the organizational constituency is relatively related to educational and instructional opportunities of employees with innovative objectives (Dobni, 2008). At last the market orientation as the third phenomenon of innovation culture, involves sensitivity to products market and the related behavior. This dimension covers the extent to which employees find and collect information about customers, rivals and their homogeneous industry. Moreover, it covers their understanding about the added value or the field they are currently working in.

Job satisfaction: Job satisfaction refers to the individual's general and emotional orientations to their occupational role in their current job. This should be distinguished from the time one feels satisfied with different and distinct aspects of their job. In fact, job satisfaction as an individual's general attitude towards their job is a holistic concept. Have mentioned the five dimensions of jobs.

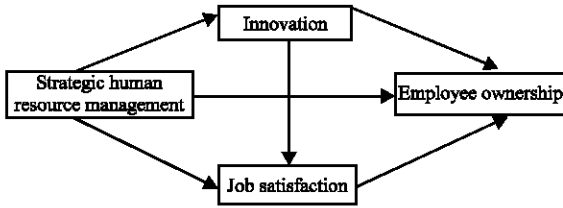


Fig. 1: Model of the research

These dimensions represent the most important characteristics of any job regarding the point that who reacts positively and effectively to them. Actually, it is possible to determine individual's satisfaction concerning these dimensions. These dimensions are as following.

Nature of work: It refers to characteristics and features which exist in occupational commitments.

Salary and payment: The amount of fee that one receives and the extent to which they consider their wage fair and just.

Promotion opportunities: A chance to make progress in the organizational hierarchy.

Supervision and patronage: The way individuals make connection with their direct supervisor and the supervisor ability to provide individuals with behavioral and technical support.

Professional cooperation: The extent to which professional cooperators are technically efficient and provide individuals with social support (Shahabeddin *et al.*, 2015).

Employees ownership: People need to preserve and take care of their properties. This sense of ownership and motivation to preserve and improve the property, has urged the researchers in the field of organizational behavior to perceive its positive psychological structure. Now a days researchers have put emphasis on what serves as the employee's ownership and its probable consequences. Psychology ownership has been described as an emotional-cognitive structure. Employees ownership has two dimensions including job and organization-based psychological ownership (Azarnoosh *et al.*, 2012) (Fig. 1):

- Human resource management has a positive and meaningful effect on the employee's ownership
- Human resource management has a positive and meaningful effect on the innovation culture
- Innovation culture has a positive and meaningful effect on the employee's ownership

- Strategic human resource management has a positive and meaningful effect on the employee's job satisfaction
- Job satisfaction has a positive and meaningful effect on the employee's ownership
- Innovation culture has a positive and meaningful effect on the employee's job satisfaction
- Innovation culture has a positive and meaningful effect on the relation between strategic human resource management and employee's ownership
- Job satisfaction has a positive and meaningful effect on the strategic human resource management and employee's ownership

MATERIALS AND METHODS

Research goal: In this study, the researcher aims to identify the mediating effect of innovation culture and job satisfaction on the relationship between strategic human resource management and employee ownership. To test the propositions, a field survey using questionnaires was conducted. The questionnaire is administered to participants who were currently employed in Shabr bank branches in Tabriz.

Sample and data collection: Shahr bank employees make up the main mass of our samples. A printed questionnaire was created to collect data associated with the variables in the research. These forms were handed to the employees who were selected using the convenience sampling method and were actively involved there. In this way, a total of 100 questionnaires were collected from Shahr bank branches in Tabriz. A 5 item scale was presented to the respondents that would allow them to conduct evaluations regarding each entry. (1 = never, 5 = all the time). Demographic analysis for the findings, factor and reliability tests were performed with PLS statistical software package.

Strategic Human Resource Management (SHRM) scale is adopted from. Items from Dobni (2008) are used to measure innovation culture. The items of employee ownership scale based on Van Dyne and Pierce (2004). Job satisfaction items are taken from Smith. The Cronbach's alpha values for each factors exceeds 0.70 which indicates the reliability of scales used in that survey.

RESULTS AND DISCUSSION

Descriptive analysis of variables: In this study, descriptive statistics represents data about the smallest number, the biggest number, mean and standard deviation of the collected data respectively. The results related to the collected data concerning each research variable is presented in Table 1.

Table 1: Descriptive statistics of variables

Variables	Mean	SD	Min.	Max.
Innovation culture	2.98	0.822	1.33	4.67
Employees ownership	3.09	0.930	1.00	5.00
Job satisfaction	3.25	0.808	1.60	5.00
Human resources management	2.99	0.719	1.40	4.40

Table 2: Reliability of variables

Variables	Composite reliability	AVE	Cronbach's alpha
Strategic human resource management	0.817	0.507	0.724
Innovation culture	0.832	0.624	0.703
Employee's ownership	0.844	0.731	0.711
Job satisfaction	0.834	0.524	0.753

Evaluation of measurement models: Convergent and divergent validity were used to evaluate the fitting of the measurement model. Reliability index has been used to measure internal reliability and it involves two criteria namely Cronbach's alpha and composite reliability. It should be noted that in all tables and analyses, some abbreviations have been used as follows: Strategic Human Resource Management (SHRM), Innovation Culture (IC), Employee's Ownership (EO) and Job Satisfaction (JS).

Cronbach's alpha is used to determine the reliability which represents internal consistency and the accuracy of measurement. However, composite reliability in structural equation modelling is a better factor compared with Cronbach's alpha. That is because all indexes for every component in measuring Cronbach's alpha coefficient are considered to be equally important while in measuring composite reliability, indexes with higher factor loading are considered more important. This results is a more real and accurate composite reliability compared with Cronbach's alpha (Davari and Reza, 2014). Therefore, reliability of the Cronbach's alpha questionnaire as well as composite reliability were measured in order for evaluation to be better and more accurate. Cronbach considered the extent of $\alpha > 0.7$ as the acceptable value for reliability. According to Nonali, the $CR > 0.7$ for each factor shows that the internal reliability is acceptable for measurement models. Fornell and Larcker also considered the convergent validity > 0.5 as acceptable (Davari and Reza, 2014).

Considering the results of the studies along with the data presented in Table 2, the value of Composite Reliability (CR) coefficient and Cronbach's alpha for the variables of strategic human resource management, innovation culture, employee's ownership and job satisfaction in the model under the investigation is > 0.7 . therefore, it can be said that the questionnaires have an acceptable reliability. Moreover, the value of obtained Average Variance (AVE) for all factors is > 0.5 , so it can be concluded that the measurement model has an acceptable fitting.

Table 3: Divergent validity

Variables	Strategic			
	human resource management	Innovation culture	Employee's ownership	Job satisfaction
Strategic human resource management	0.712			
Innovation culture	0.506	0.789		
Employees' ownership	0.665	0.536	0.854	
Job satisfaction	0.708	0.753	0.755	0.723

Divergent validity: The Fornell and Larcker scale has been used to determine the divergent validity of the measurement model. According to this scale, the acceptable divergent validity of any model shows that in the model, a factor among other factors has more cooperation with its indexes. Stated that divergent validity is of an acceptable value when the AVE for any component is higher than shared variance between that component and other components in the model. In PLS the investigation of this can be done using a matrix with arrays containing values of correlation coefficients between components and square root of AVE related to each component (Davari and Reza, 2014). The matrix has been shown in Table 3.

The above table is based on the Fornell and Larcker method. As it shows the value of latent square root in this study which is placed at the arrays of the matrix main diagonal are higher than the value of correlation between them in the underneath arrays. Accordingly, it can be noted that structures (latent variable) in this research have higher correlation with their indexes compared with other structures. In other words, the divergent validity of the of the model is acceptable.

Measuring the factor loadings of modules: Factor loadings are measured through the value of correlation of indexes of a component with that component. The acceptable amount of that is equal to or higher than 0.4. it means that the variance between the component and its indexes has been higher than variance of measurement error. Factor loadings derived from the implementation of the model which is presented in Table 4 and 5 suggest that all modules possess acceptable amount of factor loading.

Checking the significance of the whole model: The scale applied to evaluate the structural model is R^2 . Has categorized values of 0.67, 0.33, 0.19 for endogenous latent variables in the internal cycle model as significant, average and low, respectively. The value obtained for R^2 are as follows: 0.40, 0.466 and 0.34. it can be concluded that the model is to some extent acceptably fitted. Tenen Hause introduced GOF to investigate the model fitting. They believed that GOF index at the PLS Model is a

Table 4: confirmatory factor analysis

Parameters	Strategic human resource management	Innovation culture	Employee's ownership	Job satisfaction
Strategic human resource management 1	0.6366	0.4807	0.4351	0.5351
Strategic human resource management 2	0.7860	0.5388	0.3881	0.3808
Strategic human resource management 3	0.6830	0.4054	0.3548	0.3584
Strategic human resource management 4	0.6246	0.3642	0.3404	0.2023
Strategic human	0.7344	0.3845	0.3795	0.3812
Innovation culture 1	0.4539	0.7000	0.3360	0.3093
Innovation culture 2	0.5848	0.8736	0.4413	0.4214
Innovation culture 3	0.4815	0.8119	0.4803	0.4490
Employee's ownership 1	0.5119	0.5044	0.8610	0.4871
Employee's ownership 2	0.4435	0.4119	0.8668	0.5828
Job satisfaction 1	0.4505	0.4954	0.4861	0.7458
Job satisfaction 2	0.3064	0.4105	0.4253	0.7320
Job satisfaction 3	0.3772	0.2458	0.4362	0.7738
Job satisfaction 4	0.4759	0.3664	0.5439	0.7351
Job satisfaction 5	0.3572	0.2054	0.2659	0.5836

Table 5: Hypothesis testing

Variables	Model				
	Index	AVE	SD	t-values	Results
Strategic human resource management->Innovation culture	0.6370	0.6429	0.0625	10.1934	Accept
Strategic human resource management->Job satisfaction	0.4020	0.4135	0.1161	3.4630	Accept
Innovation culture->Employee's ownership	0.2000	0.2136	0.1095	1.8258	Reject
Job satisfaction->Employee's ownership	0.4110	0.3886	0.0953	4.3141	Accept
innovation culture->Job satisfaction	0.2410	0.2356	0.1136	2.1213	Accept
Strategic human resource management->Employee's ownership	0.1970	0.2157	0.1129	1.7455	Reject

practical procedure to solve the problems regarding the overall fitting of the model and it functions as fitting indexes in procedures based on covariance. It can be used to investigate the validity or the quality of the overall PLS Model. This index functions like LISREL Model fitting indexes and ranges between 0-1. Values close to 1 conveys that the model is of the high quality. (Mansoor *et al.*, 2013). It can be found by using this equation:

$$GOF = \sqrt{\text{Average (AVE)} \times \text{average (R}^2)}$$

In this study, GOF equals 0.488, therefore the overall fitting of the model can be considered as acceptable.

CONCLUSION

The results found in the process of investigating the hypotheses show that the strategic human resource management is directly related to and has a meaningful effect on the innovation culture and job satisfaction. However, it has not been proved that the strategic human resource management directly influence employee's ownership. Nevertheless, the indirect as well as direct effect of the strategic human resource management through the innovation culture and job satisfaction as a medium, shows that generally 54% of changes in the

employee's ownership is determined through the strategic human resource management. Moreover, the indirect effect as well as the direct effect of innovation culture on the employee's ownership through job satisfaction shows that innovation culture can cause the 29% of changes in the employee's ownership. Therefore, considering the direct effects and the all variables, it can be concluded that the strategic human resource management, innovation culture and job satisfaction have a significant effect on the employee's ownership and innovation culture increases the employee's job satisfaction.

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