

## The Emergence of Innovation, Knowledge Sharing Behavior, Islamic Work Ethic and Entrepreneurial Orientation: A Conceptual Framework for the Public Sector

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**Abstract:** Innovation is absolutely required by the public sector to meet all the high demands of society. In order to enhance innovation, knowledge is a very important means in public sector. It would generate new ideas that are the result of knowledge sharing behavior. Likewise, Islamic work ethic is also a very crucial aspect for civil servants in performing their duties. Meanwhile, entrepreneurial orientation becomes a catalyst for innovation that supports knowledge sharing behavior and Islamic work ethic can be run successfully.

**Key words:** Innovation, knowledge sharing behavior, Islamic work ethic, entrepreneurial orientation, public sector

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### INTRODUCTION

Now a days, the public sector is perceived more problematic than the private sector which it has failed to boost sufficient research related to the implementation of the drastic strategy of innovation in the public sector. However, public organizations should stay recognize and adapt to environmental changes such as political turmoil, economic, social and technological. The use of optimal innovation in the public sector has been able to improve service delivery to support the development of the nation (Kumar and Rose, 2012).

Innovation in the public sector is as a means to improve government performance (Cankar and Petkovsek, 2013). However, public sector organizations are identical as a rigid, repetitive and routine work environment (Kumar and Rose, 2010). This organization tends to focus on the service area that has to maintain and attract customers to meet the increasingly sophisticated demands. Public sector is also highlighted by the community. The amount of dissatisfaction became the complaints. McFarlene argued that by introducing innovation, it will help the use of resources and create public value. Besides, innovation also drives government organizations to a culture which is more open and participatory, improve the image of the government and services, regain the people's trust and restore legitimacy, boost the pride of civil servants and encourage a culture of continuous improvement.

In this regard, empirical studies have revealed that knowledge sharing behavior (Hu *et al.*, 2009; Kumar and Rose, 2012; Hussain *et al.*, 2016; Akhtarsha and Sengetuvel, 2016) and Islamic work ethic (Awan and Akram, 2012; Abbasi *et al.*, 2012; Farrukh *et al.*, 2015) are critical aspects that have great influence on the success of innovation in the public or service sector. Previous study by Kumar and Rose (2012) found that knowledge sharing behavior and Islamic work ethic are very close to innovation, since these aspects are behavior of organizational members which become an important predictor of innovation. Specifically, the movement of innovation is very depending on knowledge sharing behavior as for the result of the cultural establishment by the organization. It is not the natural behavior of many individuals. While Islamic work ethic is a key to the creation of positive values in the work which derives from the religion of Islam or the behavior being imparted to the people in the organization as well as the public sector (Kumar and Rose, 2012).

As stated by Matin *et al.* (2013), knowledge can evoke change and innovation due to it is the main and invaluable asset in organization. The member of organization is ready to share knowledge and experience among themselves in order to provide new products and services more creative due to there is an emergencing consensus that knowledge is considered as a key factor in the success of an organization's innovation (Hu *et al.*, 2009). Meanwhile, Islam guides the person's

life with the rules and manners. In doing business, Islam adopts the concept of mashlahah that will lead them to achieve success in business (Shafique *et al.*, 2015). This concept encourages Muslim to enhance motivation, satisfaction and high dedication towards the life, organization and working (Shafique *et al.*, 2015). This implies that the application of the values of Islamic work ethic will direct the individual to innovation.

Although, previous statement explained that knowledge sharing behavior and Islamic work ethic pushed the birth of innovation, implementation of these aspects in the public sector requires special attention. This is because the existing culture in the government is different from the private sector. Willem and Buelens (2007) claimed that public sector bureaucracy prevents the implementation of knowledge sharing behavior. Civil servants lack the motivation to improve performance. This is in line with the finding by Awan and Akram (2012) that proved knowledge sharing behavior has no strong effect on innovation in public sector in Pakistan. Similarly, Kumar and Rose (2010) also found that Islamic work ethic affected innovation in the public sector in Malaysia but the strength of these relationships should have moderate. This is because there are many factors that contribute to the ability of innovation (Wuryaningrat, 2013; Kumar and Rose, 2010; Ali and Al-Owaihah, 2008). Some researchers (Trong, 2016; Song *et al.*, 2008; Wuryaningrat, 2013) suggested that it is necessary to investigate other variables that have strong role between knowledge sharing behavior and innovation. It is also recommended to test a mediating or moderating on the relationship between Islamic work ethic and innovation (Kumar and Rose, 2010; Farrukh *et al.*, 2015; Awan and Akram, 2012).

Furthermore, the previous study also revealed that entrepreneurial orientation is one of the key factors to describe the organizational innovation as the moderating (Li *et al.*, 2009; Al-Nuiami *et al.*, 2014; Ahlin *et al.*, 2012, 2014). Entrepreneurial orientation has the strong effect on innovation. It is the very influential variable that boosts innovation (Rattanawong and Suwanno, 2014; Monteagudo and Martinez, 2015). Thus when an organization promoting entrepreneurial orientation, it will influence innovation performance (Yang *et al.*, 2010). Some researchers, Yang *et al.* (2010), Li *et al.* (2009) and Wu *et al.* (2008) argued that in the beginning, the effect of entrepreneurial orientation on innovation performance is direct. Gradually, effect of entrepreneurial on innovation may be tested as a mediating or moderator on innovation performance due to moderating effect of entrepreneurial orientation can significantly improve innovation. Therefore, this study proposes a conceptual

framework for innovation in the public sector by using knowledge sharing behavior, Islamic work ethic and entrepreneurial orientation as moderator.

## **MATERIALS AND METHODS**

**Knowledge sharing behavior and innovation:** Knowledge sharing environment drives organization to create new ideas as for bringing about changes in the workplace for sustainable development as well as the organization of public sector services (Awan and Akram, 2012). Thus, knowledge sharing behavior in the public sector will establish innovation. However, public sector is not the ideal environment to build knowledge sharing. Public sector is a bureaucratic organization that restricts the movement of its members to innovate. Public organizations are different from the private sector that continuously strives for a way to increase profit margins, sustain growth and competitive advantage. Instead, public organizations have specific organizational characteristics. This causes constraint on the ability to enhance the ability for sharing knowledge among organization members. Therefore, it is important to identify the factors which influence knowledge sharing behavior in the public sector and how to find the way to deal with the constraint (Kim and Lee, 2006; Willem and Buelens, 2007; Amayah, 2013; Van *et al.*, 1999).

Along these lines a study by Wuryaningrat (2013) claimed that organizational members have limitation to absorb knowledge. Knowledge sharing behavior will be able to enhance innovation only when it is driven by highly absorptive capacity. Senduk (2014) revealed that knowledge sharing behavior has no immediate effect on innovation. The result of this activity can be achieved in the long term from various sources such as training and continuing education due to knowledge sharing is a process to absorb the knowledge being helpful and certainly takes time. In other word, knowledge sharing behavior is the ability to absorb knowledge and need time to be digested and understood by organization members.

However, many researchers mostly revealed that knowledge sharing had a significant effect on innovation. Knowledge sharing behavior leads to new ideas or opinion through the exchange of knowledge among members of the organization. The recent study by Aktharsha and Sengottuvel (2016) found that knowledge sharing behavior become the significant predictor of innovation capability. Aulawi *et al.* (2009) also found that knowledge sharing behavior provides benefit to the organization through a positive influence on innovation.

These findings are relevant with the study by Kumar and Rose (2012) that revealed innovation will be obtained when organization members contribute to the knowledge sharing behavior. Similarly, Hu *et al.* (2009) revealed that organization members have high degree of knowledge sharing behavior tend to have more innovative behavior. Hussain *et al.* (2016) claimed knowledge sharing behavior generates a positive impact on the innovation possibilities. The high performance of innovation can be achieved when the organization develop knowledge sharing behavior and ensure that it can work to develop service innovation performance. Hence, referring to the statements that have been described, the hypothesize of this study is as follows:

- $H_1$ : knowledge sharing behavior has a significant effect on innovation

**Islamic work ethic and innovation:** Work ethic has been mainly studied in the context of western which are derived from the values of Protestant work ethic were proposed by Ali (1992), Yousef (2000) and Rokhman (2010). Meanwhile, Islamic work ethic is a beliefs, norms, rules, practices and principles based on Al-Quran Al-Karim and Sunnah tell the right, wrong, good and bad, halal and haram, deeds and sins. Muslims who embrace the values of Islamic work ethic will have a life of dedication to the organization and work (Shafique *et al.*, 2015). However, there is a little study that has been carrying out research into the work ethic in the context of Islam (Kumar and Rose, 2012; Farrukh *et al.*, 2015; Rokhman, 2010). In addition, some researchers still question an adequate Islamic work ethic measurement. It is claimed that there was no progress on Islamic work ethic measurement (Chanzanagh and Akbarnejad, 2011; Ibrahim, 2013). Yaseen *et al.* (2015), Al-hayasat (2012), Chanzanagh and Akbarnejad (2011), Ibrahim (2013) attempted to suggest new scale for measuring IWE. On the other hand, some researcher generally used the scale that was developed by Ali (1988, 1992), Kumar and Rose (2012), Ali and Kazemi (2007), Rokhman (2010), Kumar and Rose (2010), Yousef (2000), Haroon *et al.* (2012).

However, empirical studies revealed that all the scale used to measure Islamic work ethic has the significant effect on the many organizational variables, particularly on innovation. Based on the work of Abbasi, values of Islamic work ethic have contributed positively on innovation. Islamic work ethic can enhance innovation and overall improve organizational performance. Awan and Akram (2012) proved the positive relationship between Islamic work ethic and innovation. Islamic

work ethic is able to bring changes as innovation. Farrukh *et al.* (2015) also claimed that Islamic work ethic influence innovation capability. These findings are consistent with the work by Kumar and Rose (2010) that revealed Islamic work ethic supports strongly to innovation capability. Individuals who embrace Islamic work ethic will do the job with honesty, fairness, responsibility, dedication and efficiency due to Islamic work ethic as a principle of moral, hard work and commitment addressed to human beings, think independently and creative that fosters innovation. Islamic work ethic affects the organization's ability to innovate through the power of social and psychological. Member organizations should strive to understand the norms of the workplace that encourage innovation. Moreover, to find out the relationship between the variables are taken a hypothesize as follows:

- $H_2$ : Islamic work ethic has a significant effect on innovation

**The role of entrepreneurial orientation as a moderator:** Recently, organizations may not survive to rapid change unless innovation which requires an entrepreneurial competence. Organization will decline when innovation is reduced. Therefore, organization has to learn how the organization can survive and growth through innovation (Bhattacharyya, 2006). Entrepreneurial orientation as an organizational capability that affects the leveraging effect of capabilities on innovation performance (Yang *et al.*, 2010). Organization will become no dynamic and adaptive without entrepreneurial orientation due to entrepreneurial orientation provides an opportunity that drives organization to integrate the internally and externally capabilities to adapt to change environment that is characterized by behavior such as innovativeness, proactive and risk taking that concerns on the implications of the innovation performance (Yang *et al.*, 2010).

For the private sector, manage of entrepreneurial and innovation is not something new. On the other hand, public sector organizations have problems that need a learning process for becoming entrepreneur and innovative to foster public sector performance (Bhattacharyya, 2006). Thus, public sector needs to manage their necessary resources such as human resources for the effective entrepreneurial orientation in order to help innovation can be enhanced (Bhattacharyya, 2006). Innovation becomes stronger when organization members instill entrepreneurial orientation behavior highly. Hence, this study proposes entrepreneurial orientation to be a mediator on knowledge sharing behavior, Islamic work ethic and innovation as follows.

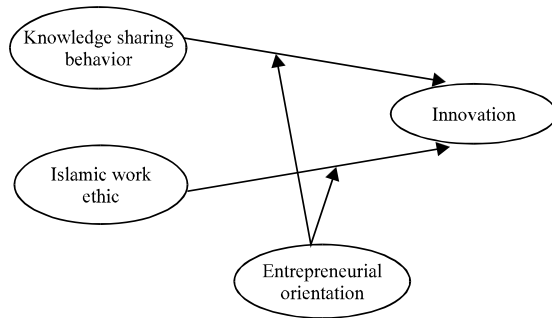


Fig. 1: Conceptual framework

- H<sub>3</sub>: entrepreneurial orientation moderates the relationship between knowledge sharing behavior and innovation
- H<sub>4</sub>: entrepreneurial orientation moderates the relationship between Islamic work ethic and innovation

**Conceptual framework:** Conceptual framework proposed in this study emphasize the three critical aspects which are the tendency of an attitude or behavior that has been proved by many researchers as a significant variable to stimulate innovation. These aspects are knowledge sharing behavior and Islamic work ethic as the independent variable and innovation is the dependent variable. Meanwhile, entrepreneurial orientation as a factor that plays an important role as a moderator in order to strengthen knowledge sharing behavior and Islamic work ethic can be successfully implemented to improve performance of public sector through innovations. Therefore, this study proposes conceptual framework as shown in Fig. 1.

## RESULTS AND DISCUSSION

Innovation in public organizations is an important aspect. The changing of global environment requires the public sector to provide the best quality of service to the community. Government should continue to encourage the public sector to make breakthroughs in creating innovation. Public sector organizations that do not innovate will collapse or in a disadvantaged position. Many department or agency merged or removed because they are not able to deliver the good performance or significant contributions to national development. Ideally, a public sector should be able to support the government to restructure the public sector development because it is an indicator of the success of government.

Based on the proposed conceptual framework, this study present the hypothesis that knowledge sharing

behavior and Islamic work ethic have a significant effect on innovation due to these aspects encourage the individual to be more innovative to do job. These variables become the basis to develop innovation through moderator role of entrepreneurial orientation. If the organization continues its efforts to encourage these practices it will automatically affect innovation performance. Thereby, innovation will be enhanced when knowledge sharing behavior, Islamic work ethic and entrepreneurial orientation have rooted in public sector organizations. Therefore, future empirical research is needed to examine the hypothesis.

## CONCLUSION

Therefore, this study proposes a framework for the relationship between knowledge sharing behavior, Islamic work ethic and entrepreneurial orientation as a moderator in order to improve public sector performance through innovation.

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