MEDIATING ROLE OF TRUST BETWEEN TRANSFORMATIONAL LEADERSHIP, KNOWLEDGE MANAGEMENT, AND EMPLOYEE INNOVATION AMONG THE EMPLOYEES OF CUSTOMS DEPARTMENT DUBAI

Rashed Ismail Bilal Salem\(^A\), Hamidi Ismail\(^B\), Fathey Mohammed\(^C\)

**ARTICLE INFO**

<table>
<thead>
<tr>
<th>Article history:</th>
<th>ABSTRACT</th>
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<tr>
<td><strong>Purpose:</strong> The purpose of the study was to identify the mediating role of trust between transformational leadership, knowledge management and employee innovation among the employees of customs department Dubai United Arab Emirates. For meeting the objectives of the study and to test the framework of the study, the current study collected data from the employees of custom department of Dubai.</td>
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</tbody>
</table>

**Theoretical framework:** Employee innovation is considered as a key participant in organizational success. Leadership plays a significant role in developing employee innovation; however, it becomes successful only when the leader succeeds in developing trust among the employees.

**Design/methodology/approach:** The data has been collected from 371 employees and structural equation modelling has been applied to test the relationships and mediation analysis.

**Findings:** The findings revealed that both leadership and knowledge management have a significant impact over employee innovation. Likewise, trust significantly mediate the relationship between transformational leadership, knowledge management and employee innovation.

**Research, Practical & Social implications:** The research opens the horizons for several other studies to explore other influencing variables for promoting employee innovation.

**Originality/value:** Provide a more nuanced and integrated perspective on how leadership and knowledge management affect trust and, eventually, employee innovation by evaluating them together, even though our examination of existing studies reveals that they were evaluated independently so far.

Doi: https://doi.org/10.26668/businessreview/2023.v8i6.3227

**Keywords:** Innovation; Transformational Leadership; Trust; Knowledge Management.

PAPEL MEDIADOR DA CONFIANÇA ENTRE A LIDERANÇA TRANSFORMACIONAL, A GESTÃO DO CONHECIMENTO E A INOVAÇÃO DOS FUNCIONÁRIOS DO DEPARTAMENTO DE ALFÂNDEGA DE DUBAI

**RESUMO**

**Objetivo:** O objetivo do estudo foi identificar a função mediadora da confiança entre a liderança transformacional, a gestão do conhecimento e a inovação dos funcionários do departamento de alfândega de Dubai, Emirados Árabes Unidos. Para atingir os objetivos do estudo e testar a estrutura do estudo, o presente estudo coletou dados dos funcionários do departamento alfandegário de Dubai.

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Mediante el papel mediador de la confianza entre el liderazgo transformacional, la gestión del conocimiento y la innovación de los empleados del departamento de aduanas de Dubái

RESUMEN
Propósito: El propósito del estudio era identificar el papel mediador de la confianza entre el liderazgo transformacional, la gestión del conocimiento y la innovación de los empleados del departamento de aduanas de Dubái, Emiratos Árabes Unidos. Para alcanzar los objetivos del estudio y poner a prueba el marco del mismo, el presente estudio recogió datos de los empleados del departamento de aduanas de Dubái. Marco teórico: La innovación de los empleados se considera un elemento clave del éxito organizativo. El liderazgo desempeña un papel importante en el desarrollo de la innovación de los empleados; sin embargo, sólo tiene éxito cuando el líder es capaz de desarrollar la confianza entre los empleados. Diseño/metodología/enfoque: Se recogieron datos de 371 empleados y se aplicó un modelo de ecuaciones estructurales para probar las relaciones y el análisis de mediación. Resultados: Los resultados revelaron que tanto el liderazgo como la gestión del conocimiento tienen un impacto significativo en la innovación de los empleados. Del mismo modo, la confianza media significativamente la relación entre el liderazgo transformacional, la gestión del conocimiento y la innovación de los empleados. Repercusiones sociales, prácticas y para la investigación: La investigación abre el horizonte a nuevos estudios para explorar otras variables que influyen en el fomento de la innovación de los empleados. Originalidad/valor: Proporciona una perspectiva más matizada e integrada sobre cómo el liderazgo y la gestión del conocimiento afectan a la confianza y, en última instancia, a la innovación de los empleados al evaluarlos conjuntamente, aunque nuestra revisión de los estudios existentes revela que hasta la fecha se han evaluado de forma independiente.

Palabras clave: Innovación, Liderazgo Transformacional, Confianza, Gestión del Conocimiento.

INTRODUCTION
The management literature generally agrees that trust is essential for organizational performance and that trust has advantages for the organization (Kohlmeyer, Parker, & Sincich, 2018). His work has received recognition in a variety of areas, including staff innovation, problem solving, and organization health (Asad, Asif, Allam, & Sheikh, 2021). When taken as a whole, trust gives firms a competitive edge (Kloutsiniotis & Mihail, 2018). Research has shown that trust greatly predicts employees' inventiveness, which is consistent with this (Dalati, Raudeliūnienė, & Davidavičienė, 2017). The recent growth in importance of the knowledge
sector (Hayaeian, Hesarzadeh, & Abbaszadeh, 2021) and the dynamics of the knowledge workforce (Kloutsiniotis & Mihail, 2018) are the primary factors for the rising scholarly interest in research on the effects of trust (Chethiyar, Asad, Kamaluddin, Ali, & Sulaiman, 2019). Despite the numerous research that have been done on trust, most academics agree that our understanding of trust is still somewhat limited.

However, recently it has returned as a new paradigm in the information economy and innovation improved with the chaos theory paradigm (Kuo & Lee, 2011; Le & Lei, 2019; Le & Lei, 2018). It was formerly used for organizational success. According to Asad (2021), the relationship between employee innovation and trust in leadership theory (Ma & Jia, 2018) is what gives it its current significance (Kmieciak & Michna, 2018). A relationship of trust over leadership and innovation can be shown in the realization that supporting leadership and innovation (Majeed, Ramayah, Mustamil, Nazri, & Jamshed, 2017) are the primary competitive advantages in a challenging business environment of special interest (Haider, Asad, & Fatima, 2017; Mahawrah & Shehabat, 2016).

Even while the connection between leadership and trust has been recognized by many scholars and is extensively established, there is little study linking it to employee innovation in general (Sulaiman & Ahmed, 2017). Given that literature emphasizes the role of trust with innovations for which knowledge management is used, the omission is remarkable. is the fundamental method (Asad, Shabbir, Salman, Haider, & Ahmad, 2018). It is unlikely that examining relationships in isolation will produce an informed and complete view of the function of trust (Lukes & Stephan, 2017). To our knowledge, no research has looked at the connections between leadership and knowledge management in a single model for encouraging staff creativity (Asif, Asad, Kashif, & Haq, 2021).

We therefore look into the connections between knowledge management, leadership, trust, and employee innovation at the same time. The study is distinct from earlier research in three key areas. In contrast to earlier research, which focused primarily on the relationship between information sharing and trust, this one simultaneously investigates how leadership and knowledge management impact trust. Second, the study looks at other connections between it and employee innovation in the same model. This study enhances knowledge of the routes to innovation by analyzing the effects of two factors, namely staff innovation and knowledge management, on trust. Study provides a clearer understanding of trust's function in knowledge management practices in this way.
In order to generate specific hypotheses for empirical testing, which serve as a fundamental model for testing using structural equation modeling, the study begins with an overview of the pertinent literature and empirical works on knowledge management, leadership, trust, and employee innovativeness. After that, a debate and its ramifications are given. Our objective is to provide a more nuanced and integrated perspective on how leadership and knowledge management affect trust and, eventually, employee innovation by evaluating them together, even though our examination of existing studies reveals that they were evaluated independently so far.

**LITERATURE AND HYPOTHESIS DEVELOPMENT**

Our suggested model focuses on the connection between employee creativity, knowledge management, and transformational leadership (Khalil, Asad, & Khan, 2018). This model illustrates graphically the methodology we used to investigate the connections between knowledge management (Choi, K. Poon, & G. Davis, 2008), employee creativity, and transformational leadership (Grey, 2006). This model also explains the mechanism through which employee innovation is translated into a sense of trust (Irshad & Hashmi, 2014). This model's underlying theory holds that staff innovations are influenced by knowledge management (Khan, Asad, Khan, Asif, & Aftab, 2021), which in turn is stimulated by trust in leadership (Kashif, et al., 2020). The justification for developing the model and hypothesis is given in the following sections.

**The relationship between Leadership and Trust**

According to Asad, Asif, Allam, and Sheikh (2021) in their important conception of trust, our approach to trust is to interpret it as a form of environment that denotes the readiness to trust based on trustworthiness shaped by ability, honesty, and compassion (Asad, Asif, Bakar, & Sheikh, 2021). The setting affects how much of each they weigh in a judgment (Asif, Asad, Bhutta, & Khan, 2021). The qualities that make someone trustworthy can also be found going by other names, such as competence, dependability, and concern (Haider, Asad, & Fatima, 2017). As said, trust is unique from the underlying judgments previously mentioned (Kohlmeyer, Parker, & Sincich, 2018). The fundamental tenet of the concept of trust is that it encourages people to engage in risk-taking behaviours that transformational leaders permit (Kusi, Zhao, & Sukamani, 2021).
It is a widely held belief in the trust literature that transformative leadership promotes trust (Abu-Tineh, Khasawneh, & Omary, 2009). In this regard, consistent research on leadership and Trust is a well-documented and expanding body of evidence indicating there is a favourable correlation between transformative leadership and trust (Allam Z., Asad, Ali, & Ali, 2021). This has been demonstrated to be true in a variety of contexts (Almansour, Asad, & Shahzad, 2016), including mentoring (Fadhel, Aljalahma, Almuanadi, Asad, & Sheikh, 2022), a client-consultant relationship, and interorganizational cooperation (Bakr & Alfayez, 2021), where it promotes honest communication and knowledge gathering. As a result, the following hypothesis has been put forth:

\[ H_1: \text{Transformational leadership significantly impact employee trust.} \]

The relationship between Knowledge Management and Trust

According to empirical studies, employee innovation will not be encouraged by Knowledge Management Systems employed in firms if they are not supported by trust (Alzghoul, Elrehail, Emeagwali, & AlShboul, 2018). Frequency and quality of communication between parties are made easier by trust (Chethiyar, Asad, Kamaluddin, Ali, & Sulaiman, 2019). This is true for information flow and knowledge exchange that are frequently of a strategic character (Santoro, Vrontis, Thrassou, & Dezi, 2018). In general, knowledge sharing is viewed as a risky activity (Lukes & Stephan, 2017) because it could result in the knowledge provider losing a competitive advantage gained from discovering valuable knowledge (Grimsdottir & Edvardsson, 2018), and it could result in the knowledge recipient absorbing subpar knowledge that might have been transmitted with malicious intent (Soto-Acosta, Popa, & Martinez-Conesa, 2018). Trust is thought to reduce the perceived danger of exploitation (Akram, Goraya, Malik, & Aljarallah, 2018), failure (Albream & Maraqa, 2019), and opportunistic behaviour (Alkhuzaie & Asad, 2018) in knowledge management situations (Kloutsiniotis & Mihail, 2018).

Trust also encourages openness in knowledge exchange and acting on knowledge (Asad & Kashif, 2021), both of which boost creativity (Liu, Chen, & Tsai, 2005). Because of this, a lack of trust leads to information concealment, which hinders knowledge management (Villar, Alegre, & Pla-Barber, 2014). Contrarily, trust encourages information sharing and exchange since it improves dependence on the shared, reliable knowledge (Asad, Haider, & Fatima, 2018; Bilal & Sulaiman, 2021). In conclusion, there is a high correlation between knowledge management and trust in the literature. Therefore, the following is the proposed hypothesis:
H2: Knowledge management significantly influence employee trust.

The Relationship between Trust and Employee Innovation

The process of creating knowledge internally is referred to as being engendered by trust (Asad, Shabbir, Salman, Haider, & Ahmad, 2018). Employee innovation is inherently dangerous, thus, to start various knowledge creation processes like internationalization (Ullah, et al., 2021), externalization, socializing, and combination, there needs to be a climate of safety and positive expectations that inspire innovative behaviours and are engendered by trust (Allam Z., Asad, Ali, & Malik, 2022). When there is mistrust, people prefer to concentrate on defending themselves and their priceless expertise, which prevents the transfer of knowledge (Asad, et al., 2022). A significant study vacuum exists in trust and employee innovation (Amjad & Tirmzi, 2016).

Even if employee innovation and trust are not expressly discussed in literature, we can infer such a connection from previous studies (Anam, Thoyib, & Djawahir, 2018). The key, in our opinion, to understanding how trust affects employees is found in several theoretical viewpoints (Amir & Asad, 2018; Carfora, et al., 2019). Accordingly, a study by Asad, Asif, Allam, and Sheikh (2021) found that psychological safety (a concept related to trust) presupposes reflection and review, which result in the creation of fresh concepts and creativity (Al-Abdullat & Dababneh, 2018).

Trust is a prerequisite for the motivation (Altarawneh & Altarawneh, 2017) and access to parties for the combination/exchange of resources, of which information and knowledge could be viewed as a part, according to a different study (Asad, Asif, Bakar, & Altaf, 2021). That claim has a simple reasoning to support it (Damer, Al-Znaimat, Asad, & Almansour, 2021). A person is more likely to mobilise informational resources and perform better in terms of producing innovation if they have a higher level of trust (Dalati, Raudeliūnienė, & Davidavičienė, 2017). Another aspect is that some employee creativity is built on previously acquired information, which needs to be shared within the company. Considering the foregoing justification, the following is hypothesized:

H3: Trust has a substantial influence on employee innovation.

Mediating Role of Trust

One of the most crucial elements affecting employee innovation and interactions within firms is trust (Endang & Rahardja, 2018). According to a well-known model of organisational
trust, trust is defined as a party's willingness to be exposed to the activities of another party (Dalati, Raudeliūnienė, & Davidavičienė, 2017). The ability, goodness, and integrity of the trustee are the three components of perceived trustworthiness that give rise to this predisposition (Soto-Acosta, Popa, & Martínez-Conesa, 2018). While neglecting its application to employee innovation (Alrowwad, Abualoush, & Masa'deh, 2020), scholars have focused a lot of attention on the significance of trust in interactions between leaders and followers. Hence the following two hypotheses have been proposed.

**H4**: The connection between employee innovation and transformational leadership is mediated by trust.

**H5**: The connection between knowledge management and employee innovation is mediated by trust.

Based on the above discussion, the following framework has been designed to clarify the research hypothesis and the relationships among the variables.

**Figure 1 Research Framework**

Source: Prepared by the authors

**MATERIALS AND METHODOLOGY**

For testing the hypothesis and framework developed, based on the literature review, the authors have applied structural equation modelling approach. Structural equation modelling is considered as useful when several relationships among the studies variables need to be observed. For collecting the data, survey research technique was applied in the research. (Habes, Alghizzawi, et al., 2023)(Al Olaimat et al., 2022; Habes et al., 2021; Habes, Elareshi, et al., 2022; Wang et al., 2022).The data has been collected from the employees of the customs department of UAE. Selecting such a unit for data collecting helps to ensure that the information gathered is of high quality for research purposes and deals directly with the subject under consideration. The data collection was done by adopting the questionnaires from prior studies, the items for transformational leadership were adopted from Asad, Asif, Bakar, and Sheikh.
(2021), for measuring knowledge management the items were chosen from Asif, Asad, Kashif, and Haq (2021), for measuring trust the items were adopted from Kohlmeyer, Parker, and Sincich (2018), and the items for employee innovation were picked from Lukes and Stephan (2017). All the variables were measured using seven-point answering scale ranging 1 for strongly disagree to 7 strongly agree. Initially the reliability and validity of the instrument was analyzed, followed by identifying the direct impacts and finally the mediating effects. (Alhumaid et al., 2021; Aoun et al., 2022; Habes, Al-Adwan, et al., 2022; Habes, Elareshi, et al., 2023; Tahat et al., 2022).

RESULTS AND DISCUSSION:

In the analysis initially, measurement model has been analysed to check the reliability and validity of the instrument and the items that have been used to collect the data. (Al-Sarayrah et al., 2021; Elareshi et al., 2022; Salloum et al., 2019; Salloum, AlAhbabi, et al., 2021) After ensuring that the instrument is reliable and valid, direct effects of independent variables over the dependent variables have been analysed followed by the introduction of intervening variable which is trust. Later, the mediation analysis has been conducted to check the mediating role of trust. Finally, the predictive relevance of the model has been measured. (Salloum, Al-Emran, et al., 2021)
Mediating Role of Trust Between Transformational Leadership, Knowledge Management, and Employee Innovation Among the Employees of Customs Department Dubai

Figure 2 Measurement Model

Outer Loadings

This study has examined item loadings individually item loadings firstly to identify problems with items and to validate the convergence validity. Table 1 shows the item loadings of the constructs which are used in the study. Subsequently, the indications of all item loadings on their subsequent values range from a lower bound of 0.739 to a higher bound of 0.910 are shown in table 1.

Table 1 Outer Loadings

<table>
<thead>
<tr>
<th></th>
<th>Employee Creativity</th>
<th>Knowledge Management</th>
<th>Transformational Leadership</th>
<th>Trust</th>
</tr>
</thead>
<tbody>
<tr>
<td>BC1</td>
<td>0.801</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BC2</td>
<td>0.777</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BC3</td>
<td>0.767</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BC4</td>
<td>0.826</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Prepared by the authors
Salem, R. I. B., Ismail, H., Mohammed, F. (2023) Mediating Role of Trust Between Transformational Leadership, Knowledge Management, and Employee Innovation Among the Employees of Customs Department Dubai

| BC5  | 0.757 |
| BC6  | 0.818 |
| BC7  | 0.810 |
| BC8  | 0.779 |
| BC9  | 0.739 |
| CM2  | 0.877 |
| CM3  | 0.859 |
| CM4  | 0.849 |
| CM5  | 0.846 |
| KM1  | 0.809 |
| KM10 | 0.897 |
| KM11 | 0.809 |
| KM12 | 0.855 |
| KM2  | 0.808 |
| KM3  | 0.874 |
| KM4  | 0.853 |
| KM5  | 0.862 |
| KM6  | 0.899 |
| KM7  | 0.835 |
| KM8  | 0.849 |
| KM9  | 0.856 |
| LS1  | 0.895 |
| LS2  | 0.878 |
| LS3  | 0.839 |
| LS4  | 0.910 |
| LS5  | 0.801 |
| LS6  | 0.753 |
| LS7  | 0.868 |
| LS8  | 0.747 |

Source: Prepared by the authors

All the findings of outer loading analysis assure that all items have been used in the model and all values of items are above 0.7. Moreover, those item loading values which have below 0.7 that are less than 10 percent of the items were deleted from the model, whereas, after removing less than 10 percent of items, the reliability of the scale is not affected, and the scale is still usable.

**Construct Reliability and Validity**

This study has evaluated the analysis of Cronbach’s Alpha, Composite Reliability, and Average Variance Extracted(AVE) for all variables of employee creativity, knowledge management, transformational leadership, and trust. Henseler, Ringle, and Sarstedt (2015) argued that all Cronbach’s Alpha values of variables should be above 0.7. Moreover, in composite reliability the indicator reliability and internal consistency reliability for using composite reliability. Similarly, composite reliability differs between 0 and 1; hence the threshold value must be below 0.60 (Henseler, Ringle, & Sinkovics, 2009), whereas, those
values of variables having 0.70 value of higher than 0.7 they are more significant (Hair, Ringle, & Sarstedt, 2013).

Furthermore, Average Variance Extracted(AVE) is also utilized with a threshold level of 0.50 and higher than 0.50 (Henseler, Ringle, & Sinkovics, 2009; Hair, Ringle, & Sarstedt, 2013). Hence, those values of AVE having 0.50 determines the substantial validity. Therefore, all the results of Cronbach’s Alpha, Composite Reliability, and Average Variance Extracted(AVE) for all variables employee creativity, knowledge management, transformational leadership, and trust are mentioned in table 2.

<table>
<thead>
<tr>
<th>Construct</th>
<th>Cronbach's Alpha</th>
<th>Composite Reliability</th>
<th>Average Variance Extracted(AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Creativity</td>
<td>0.923</td>
<td>0.936</td>
<td>0.619</td>
</tr>
<tr>
<td>Knowledge Management</td>
<td>0.965</td>
<td>0.969</td>
<td>0.724</td>
</tr>
<tr>
<td>Transformational Leadership</td>
<td>0.939</td>
<td>0.950</td>
<td>0.703</td>
</tr>
<tr>
<td>Trust</td>
<td>0.880</td>
<td>0.918</td>
<td>0.736</td>
</tr>
</tbody>
</table>

Source: Prepared by the authors

All the analysis of Cronbach Alpha, Composite Reliability, and Average Variance Extracted(AVE) for all variables employee creativity, knowledge management, transformational leadership, and trust are evaluated in which the Cronbach Alpha values of all variables are 0.923, 0.965, 0.939, and 0.880 reveals that all variable values are above a threshold level of 0.7 (Henseler, Ringle, & Sarstedt, 2015) whereas, the composite reliability values of all variables are 0.936, 0.969, 0.950 and 0.918. Furthermore, in Average Variance Extracted(AVE) all variable values are 0.619, 0.724, 0.703, and 0.736.

**Discriminant Validity**

This study examined the discriminant validity in which the extent to which how one construct varies from the other variable. The most standard approach in analyzing the discriminant validity that is Fornell Larcker Criterion (Hair, Ringle, & Sarstedt, 2013). Moreover, discriminant validity is analyzed when the square root value of the Average Variance Extracted (AVE) of every variable is above the strongest relationship of the variable with any other latent variables (Henseler, Ringle, & Sinkovics, 2009). Therefore, the examined values of discriminant validity for all constructs employee creativity, knowledge management, transformational leadership, and trust are mentioned in table 3.
Table 3 Discriminant Validity

<table>
<thead>
<tr>
<th></th>
<th>Employee Creativity</th>
<th>Knowledge Management</th>
<th>Transformational Leadership</th>
<th>Trust</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Creativity</td>
<td>0.787</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Knowledge Management</td>
<td>0.602</td>
<td>0.851</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transformational Leadership</td>
<td>0.022</td>
<td>0.014</td>
<td>0.838</td>
<td></td>
</tr>
<tr>
<td>Trust</td>
<td>0.701</td>
<td>0.631</td>
<td>0.204</td>
<td>0.858</td>
</tr>
</tbody>
</table>

Source: Prepared by the authors

The analysis of discriminant validity of all variables in the structural model are reliable as well as valid which has been examined.

Direct Effects

Figure 3 Direct Effects Algorithms

Source: Prepared by the authors
This study demonstrated the systematic model analysis of the structural model has been attained to provide a comprehensive picture of the results of the path coefficient direct effect in which it examined the direct effects between independent variables and dependent variable. Initially, in the direct effects, knowledge management is an independent variable that has a significant relationship with the dependent variable employee creativity ($\beta=0.606, t=8.927, p=0.000$). likewise, there is also a significant relationship between transformational leadership and employee creativity($\beta=0.186, t=1.122, p=0.001$). All the calculated results of discriminant validity are mentioned in table 4.

**Path Coefficient Direct Effects**

This study demonstrated the systematic model analysis of the structural model has been attained to provide a comprehensive picture of the results of the path coefficient direct effect in which it examined the direct effects between independent variables and dependent variable. Initially, in the direct effects, knowledge management is an independent variable that has a significant relationship with the dependent variable employee creativity ($\beta=0.606, t=8.927, p=0.000$). likewise, there is also a significant relationship between transformational leadership and employee creativity($\beta=0.186, t=1.122, p=0.001$). All the calculated results of discriminant validity are mentioned in table 4.

**Table 4 Path Coefficient Direct Effects**

<table>
<thead>
<tr>
<th></th>
<th>Original Sample(O)</th>
<th>Sample Mean(M)</th>
<th>Standard Deviation(STDEV)</th>
<th>T Statistics (O/STDEV)</th>
<th>P Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge Management $\rightarrow$ Employee Creativity</td>
<td>0.606</td>
<td>0.606</td>
<td>0.068</td>
<td>8.927</td>
<td>0.000</td>
</tr>
</tbody>
</table>
Mediating Effects

This study has examined the mediating effects in which the effect of independent variables on the mediator variable then the mediator variable on the independent variable. The most modern approach of mediating effects that is the bootstrapping method which creates the empirical interpretation of indirect effect sample distribution (Preacher & Hayes, 2008). Similarly, the path models use the PLS-SEM algorithms as well as bootstrapping methods to evaluate the path coefficient t values (Hair, Ringle, & Sarstedt, 2013).

Figure 5 Mediating Algorithm Effects

Source: Prepared by the authors
The analysis of path coefficient in which initially there is a significant relationship between knowledge management and trust(β=0.634,t=7.777,p=0.000). Likewise, transformational leadership has a significant relationship on trust(β=0.213,t=2.520,p=0.002). Furthermore, trust also has a significant relationship over employee creativity(β=0.565,t=5.362,p=0.000). Therefore the findings of the path coefficient are mentioned in table 5.

Table 5 Path Coefficients

<table>
<thead>
<tr>
<th>Path</th>
<th>Original Sample Mean (O)</th>
<th>Original Standard Deviation (STDEV)</th>
<th>T Statistics (O/STDEV)</th>
<th>P Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge Management -&gt; Trust</td>
<td>0.634</td>
<td>0.082</td>
<td>7.777</td>
<td>0.000</td>
</tr>
<tr>
<td>Transformational Leadership -&gt; Trust</td>
<td>0.213</td>
<td>0.084</td>
<td>2.520</td>
<td>0.002</td>
</tr>
<tr>
<td>Trust -&gt; Employee Creativity</td>
<td>0.565</td>
<td>0.105</td>
<td>5.362</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Source: Prepared by the authors
Mediation Analysis

This study has been examined the mediation analysis of indirect effects in which knowledge management and transformational leadership is the independent variables, employee creativity is the dependent variable and trust is the mediator variable. Initially, trust has a significant relationship between knowledge management and employee creativity ($\beta=0.358, t=4.601, p=0.000$). Furthermore, trust has the significant relationship between transformational leadership and employee creativity ($\beta=0.120, t=2.177, p=0.030$). Therefore the calculated values of indirect effects are mentioned in table 6.

<table>
<thead>
<tr>
<th>Mediation Analysis</th>
<th>Structural Equation Modeling (SEM) Analysis</th>
<th>Test of Mediation</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge Management $\rightarrow$ Trust $\rightarrow$ Employee Creativity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transformational Leadership $\rightarrow$ Trust $\rightarrow$ Employee Creativity</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Table 6 Specific Indirect Effects**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Original Sample (O)</th>
<th>Sample Mean (M)</th>
<th>Standard Deviation (STDEV)</th>
<th>T Statistics (O/STDEV)</th>
<th>P Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge Management $\rightarrow$ Trust $\rightarrow$ Employee Creativity</td>
<td>0.358</td>
<td>0.362</td>
<td>0.078</td>
<td>4.601</td>
<td>0.000</td>
</tr>
<tr>
<td>Transformational Leadership $\rightarrow$ Trust $\rightarrow$ Employee Creativity</td>
<td>0.120</td>
<td>0.130</td>
<td>0.055</td>
<td>2.177</td>
<td>0.030</td>
</tr>
</tbody>
</table>

**Construct Cross Validated Redundancy**

This study examined the construct cross-validated redundancy in which the Stone-Geisser indicator an inner model must be able to approach the proof of endogenous latent variable (Henseler, Ringle, & Sinkovics, 2009). Furthermore, cross-validated redundancy can be taken out by using the Stone-Geisser test and could be measured by applying the blindfolding method (Hair, Ringle, & Sarstedt, 2013). Therefore, table 7 shows the measured values of cross-validated redundancy for employee creativity and trust.

<table>
<thead>
<tr>
<th>Construct Cross Validated Redundancy</th>
<th>SSO</th>
<th>SSE</th>
<th>$Q^2$ (=1-SSE/SSO)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Creativity</td>
<td>900.000</td>
<td>611.822</td>
<td>0.320</td>
</tr>
<tr>
<td>Trust</td>
<td>400.000</td>
<td>278.285</td>
<td>0.304</td>
</tr>
</tbody>
</table>

Source: Prepared by the authors

The above analysis of cross-validated redundancy in table 7 reveals the values of $Q^2$ is higher than 0 employee creativity(0.320) and trust (0.304) shows that the predictive relevance of the model are significant.
CONCLUSIONS

The study provides several theoretical ramifications that clarify earlier research on transformational leadership, knowledge management, and trust consequences in relation to its relationship with employee innovations. It also adds to the discussion of the mechanisms that link trust to employee performance more generally. Findings support the claim that employee innovation should be built on a foundation of trust. A structural equation model that links leadership, knowledge management, trust, and employee innovativeness was developed and examined for the first time because of the study. The study's findings offer empirical support for the relationships between them and guarantee that employee innovation, knowledge management, transformational leadership, and trust have better explanatory value. Our work is the first to comprehensively document those ambiguous interactions. Research has mostly examined concern for knowledge management or inventiveness individually. According to the results of the current study, trust's influence makes it appear that knowledge management affects employee innovation both directly and indirectly. As a result of the effect of trust, it appears from the current study that transformational leadership has an impact on employee innovativeness both directly and indirectly. The study contributes to our understanding of why transformative leadership and knowledge management techniques depend so heavily on trust. The findings contribute to an understanding of why there are such wide variations in employee competitiveness about employee innovation. These observations help us comprehend the methods for gaining a competitive advantage that are strongly recommended in the literature. There is no comparable prior study that examines those variables in a single model for current results comparison. This emphasises the demand for a research replication in a new setting. From a manager's perspective, it is crucial to comprehend the aspects that contribute to employee creativity. This study highlights the importance of trust in an organisation and deepens our knowledge of how businesses can foster employee innovation. The findings offer sound advice on how to be innovative in knowledge-intensive settings. Combining the research's findings, organisations with a culture of trust can foster a positive feedback loop between knowledge management and employee innovation. Our findings, however, also suggest that we need to revaluate our prior assumptions regarding the central importance of trust between organisational innovation and leadership. The findings make it clear that trust substantially encourages a culture of creativity. We also discussed the nuanced connection between organisational trust and innovation at the same time. Despite the widespread acceptance of trust as a tool for fostering innovations, the current body of research offers little
insight into how trust fosters innovation. The study demonstrates that, in addition to direct effects, indirect effects through the influence of trust on knowledge development are also significant. As a result, the findings suggest that managers should clearly encourage organisational trust. According to the set of mediation findings, organisational trust must first be established to support innovation through knowledge practices.

Limitations and future directions Despite the importance of our findings, some caution should be used. First, we narrowed our attention to a few specific trust implications. The study design of our research has some inherent limitations, as with any investigation. The study relies on self-administered data from a single respondent from each of the participating organizations as its sole common source. So, the likelihood of common technique bias cannot be completely disregarded. It's important to keep in mind that a cross-sectional design cannot assess temporal causation, even though previous research and theoretical justifications indicate that the proposed model should include an introduced sequence. Future studies that employ experimental techniques would be supportive of casual relationships, but they would also have the drawbacks of an artificial environment. Another research direction is to create longitudinal studies, but this is frequently difficult to do in practice. Nevertheless, future studies might attempt to address longitudinal study.

The role of trust in particular aspects of knowledge generation and transfer as well as innovation was not of interest to us in this study. But these concerns merit investigation. By using this method, we might determine which aspect of those procedures is possibly more prone to organizational trust. These topics might be the subject of additional study.

REFERENCES


Salem, R. I. B., Ismail, H., Mohammed, F. (2023). Mediating Role of Trust Between Transformational Leadership, Knowledge Management, and Employee Innovation Among the Employees of Customs Department Dubai


