



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

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ABSTRACT

The aim of this study is to investigate the effect of innovation culture (IC) and job satisfaction (JS) on the relation between human resource management (HRM) and employees' ownership (EO) 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 HRM, IC and JS have a positive effect on the EO. Moreover, IC increases the JS among employees.

Keywords: Innovation Culture, Job Satisfaction, Strategic Human Resource Management, Employee Ownership

JEL Classifications: E37, E32, C53, C5

1. 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. (2012) stated in their studies that organizational culture and job motivation have a positive and meaningful effect on the employees' job satisfaction (JS). Azarnoosh et al. (2013) also supported the claim that employees' ownership (EO) keeps them and their JS 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 (SHRM) for this purpose. SHRM, as planned human resource (HR) practices to achieve organizational

targets, have the power to direct employees' attitudes and behaviors to create influences about the environment. So the studies about the influences on the employees' creativity of the strategic or non-SHRM 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 EO spirit as well as their JS. 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 (IC) and SHRM regarding the Shahr Bank EO and their JS. It is trying to provide some answers for the following question. What is the effect of IC and the JS on the relationship between HRs management and EO among personnel of different branches of Shahr Bank of Tabriz?

2. LITERATURE REVIEW

2.1. SHRM

SHRM refers to the planned pattern of HRs and activities related to HRM in order to achieve the organization objectives. In other words, SHRM means that organization should manage their HRs 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 HRs 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 (Sánchez et al., 2015).

SHRM has five dimensions including providing HRs, instruction, performance assessment, reward for delivering services, employees' engagement. Providing HRs 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 employees' 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 individuals' 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 (Bahrami et al., 2012).

2.2. IC

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 programmers' 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, IC serves as a group, social or organizational framework which encompasses the tracks of technological changes and provides conditions to deal with them (Viland, 2006). Organizational constitution, organizational learning and market orientation are among important dimensions of IC 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 (Dabni, 2008). Organizational learning alongside with the organizational constituency is relatively related to educational and instructional opportunities of employees with innovative objectives (Dabni, 2008). At last the market orientation, as the third phenomenon of IC, 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.

2.3. JS

JS 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, JS as an individual's general attitude towards their job is a holistic concept. Kendall and Hulin (1969) have mentioned the five dimensions of jobs. 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: (1) Nature of work: It refers to characteristics and features which exist in occupational commitments. (2) Salary and payment: The amount of fee that one receives and the extent to which they consider their wage fair and just. (3) Promotion opportunities: A chance to make progress in the organizational hierarchy. (4) Supervision and patronage: The way individuals make connection with their direct supervisor and the supervisor ability to provide individuals with behavioral and technical support. (5) Professional cooperation: The extent to which professional cooperators are technically efficient and provide individuals with social support (Shams et al., 2015).

2.4. EO

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. Nowadays researchers have put emphasis on what serves as the EO and its probable consequences. Psychology ownership has been described as an emotional-cognitive structure. EO has two dimensions including job- and organization-based psychological ownership (Azarnoosh et al., 2013).

1. HRM has a positive and meaningful effect on the EO
2. HRM has a positive and meaningful effect on the IC
3. IC has a positive and meaningful effect on the EO
4. SHRM has a positive and meaningful effect on the employees' JS
5. JS has a positive and meaningful effect on the EO
6. IC has a positive and meaningful effect on the employees' JS
7. IC has a positive and meaningful effect on the relation between SHRM and EO
8. JS has a positive and meaningful effect on the SHRM and EO.

3. METHODOLOGY

3.1. Research Goal

In this study, the researcher aims to identify the mediating effect of IC and JS on the relationship between SHRM and EO. 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.

3.2. 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 five-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.

SHRM scale is adopted from Van Dyne et al. (2004). Items from Dobni (2008) are used to measure IC. The items of EO scale based on Van Dyne and Pierce (2004). JS items are taken from Smith et al. (1969). The Cronbach's alpha values for each factors exceeds 0.70, which indicates the reliability of scales used in that survey.

4. ANALYSES AND RESULTS

4.1. Descriptive Analysis of Variables

In this section, 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 the Table 1.

4.2. 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 (CR). It should be noted that in all tables and analyses, some abbreviations have been used as follows: SHRM, IC, EO and JS.

Cronbach's alpha is used to determine the reliability which represents internal consistency and the accuracy of measurement. However, CR in structural equation modeling 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 CR, indexes with higher factor loading are considered more important. This results is a more real and accurate CR compared with Cronbach's alpha (Davari and Rezazadeh, 2014). Therefore, reliability of the Cronbach's alpha questionnaire as well as CR were measured in order for evaluation to be better and more accurate. Cronbach (1951) considered the extent of alpha higher than 0.7, as the acceptable value for reliability. According to Momeni (2013), the CR higher than 0.7 for each factor shows that the internal reliability is acceptable for measurement models also considered the convergent validity higher than 0.5 as acceptable (Davari and Rezazadeh, 2014).

Considering the results of the studies along with the data presented in Table 2, the value of CR coefficient and Cronbach's alpha for the variables of SHRM, IC, EO and JS in the model under the investigation, is higher than 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 higher than 0.5, so it can be concluded that the measurement model has an acceptable fitting.

4.3. Divergent Validity

The Aragón and Arleen (2015) 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. Aragón and Arleen (2015) 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

Table 1: Descriptive statistics of variables

Variables	Mean±standard deviation	Minimum	Maximum
IC	2.98±0.822	1.33	4.67
EO	3.09±0.930	1	5
JS	3.25±0.808	1.60	5
HRs management	2.99±0.719	1.40	4.40

IC: Innovation culture, JS: Job satisfaction, EO: Employees' ownership, HR: Human resource management

Table 2: Reliability of variables

Variables	CR	AVE	Cronbach's alpha
SHRM	0.817	0.507	0.724
IC	0.832	0.624	0.703
EO	0.844	0.731	0.711
JS	0.834	0.524	0.753

IC: Innovation culture, JS: Job satisfaction, EO: Employees' ownership, SHRM: Strategic human resource management, CR: Composite reliability, AVE: Average variance

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 Rezazadeh, 2014). The above-mentioned matrix has been shown in the Table 3.

Table 3 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 model is acceptable.

4.4. 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 the Table 4, suggest that all modules possess acceptable amount of factor loading.

4.5. Hypothesis Testing

Model	Index	AVE	Standard deviation	t	Result
SHRM→IC	0.6370	0.6429	0.0625	10.1934	دی‌یات
SHRM→JS	0.4020	0.4135	0.1161	3.4630	دی‌یات
IC→EO	0.2000	0.2136	0.1095	1.8258	در
JS→EO	0.4110	0.3886	0.0953	4.3141	دی‌یات
JS→IC	0.2410	0.2356	0.1136	2.1213	دی‌یات
SHRM→EO	0.1970	0.2157	0.1129	1.7455	در

IC: Innovation culture, JS: Job satisfaction, EO: Employees' ownership, SHRM: Strategic human resource management, AVE: Average variance

4.6. Checking the Significance of the Whole Model

The scale applied to evaluate the structural model is R². Chin (1998) 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 (Momeni et al., 2013). The value obtained for R² are as follows: 0.40, 0.466 and 0.34. It can be concluded that the model is to some extent acceptably fitted. Dobni (2008) introduced goodness of fit (GOF) to investigate the model fitting

(Figure 1). They believed that GOF index at the PLS model is a 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 and 1. Values close to 1 conveys that the model is of the high quality (Momeni et al., 2013). It can be found by using this formula:

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

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

5. CONCLUSION

The results found in the process of investigating the hypotheses show that the SHRM is directly related to, and has a meaningful

Table 3: Divergent validity

	SHRM	IC	EO	JS
SHRM	0.712			
IC	0.506	0.789		
EO	0.665	0.536	0.854	
JS	0.708	0.753	0.755	0.723

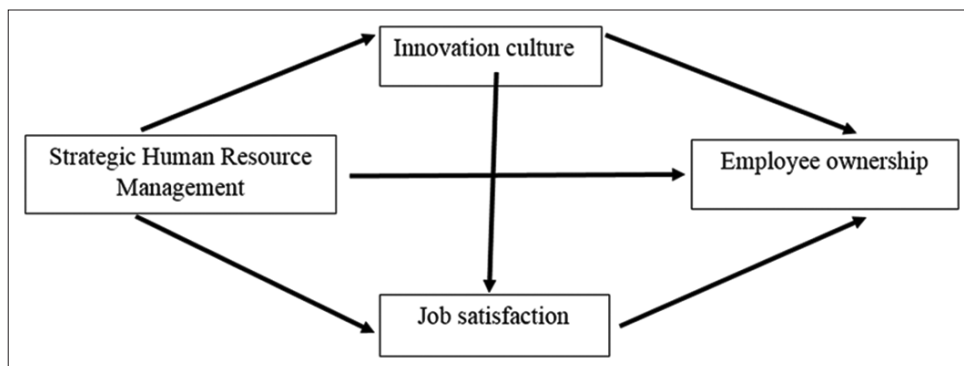
IC: Innovation culture, JS: Job satisfaction, EO: Employees' ownership, SHRM: Strategic human resource management

Table 4: Confirmatory factor analysis

Factors	SHRM	IC	EO	JS
SHRM 1	0.6366	0.4807	0.4351	0.5351
SHRM 2	0.7860	0.5388	0.3881	0.3808
SHRM 3	0.6830	0.4054	0.3548	0.3584
SHRM 4	0.6246	0.3642	0.3404	0.2023
SHRM 5	0.7344	0.3845	0.3795	0.3812
IC 1	0.4539	0.7000	0.3360	0.3093
IC 2	0.5848	0.8736	0.4413	0.4214
IC 3	0.4815	0.8119	0.4803	0.4490
EO 1	0.5119	0.5044	0.8610	0.4871
EO 2	0.4435	0.4119	0.8668	0.5828
JS 1	0.4505	0.4954	0.4861	0.7458
JS 2	0.3064	0.4105	0.4253	0.7320
JS 3	0.3772	0.2458	0.4362	0.7738
JS 4	0.4759	0.3664	0.5439	0.7351
JS 5	0.3572	0.2054	0.2659	0.5836

IC: Innovation culture, JS: Job satisfaction, EO: Employees' ownership, SHRM: Strategic human resource management

Figure 1: Model of the research



effect on the IC and JS. However, it has not been proved that the SHRM directly influence EO. Nevertheless, the indirect, as well as direct effect of the SHRM through the IC and JS as a medium, shows that generally 54% of changes in the EO is determined through the SHRM.

Moreover, the indirect effect, as well as the direct effect of IC on the EO through JS shows that IC can cause the 29% of changes in the EO. Therefore, considering the direct effects and the all variables, it can be concluded that the SHRM, IC and JS have a significant effect on the EO and IC increases the employees' JS.

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