

Role of Trust in Leader-Member Exchange & Innovative Work Behavior Relationship

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Abstract: In this dynamic era, firms need to adjust to changing environment for constant growth and innovation; where innovative work behavior plays important role to do so for the sustainable survival and competitive advantage. Leaders as major role player in behavior, current study is exploring the supervisor-subordinate relation and its influence on employee innovative work behavior. The purpose of this study is to investigate the relation between leader-member exchange and employee's innovative work behavior through trust. Trust is a key mechanism through which strong impact of LMX on IWB can be portrayed. Drawing from social exchange theory, the study proposed that progress of social exchange between leadership (LMX) and performance (IWB) is possible through trust as a valid reason. Self-reported questionnaires are used to collect dyad data from sample of employees and their immediate supervisors from FMCGs firms in Pakistan. In order to test this relationship of proposed hypothesis, structural equation modelling technique using Smart PLS was employed. Furthermore it is assumed when firms provide safe environment to their employees in terms of quality relationship (LMX), then they may build trust to take risk and exhibit extra role behavior (IWB) that can ultimately influence the performance of employee and firm.

Key words: innovative work behavior, leader-member exchange, human resource management, human resource practices, trust, social exchange theory.

Introduction

Nowadays the business markets have intense competition and dynamic knowledge that demand firms to be highly innovative. Firms are having consistent challenges for one another, with a higher need to be innovative than ever before. Thus, innovative work behavior of employees is an essential element for sustainable market (Jung, Chow, & Wu, 2003; Tierney, Farmer, & Graen, 1999) and to deal challenges like customers' demands, global competition, fluctuating market (Gu, Jiang, & Wang, 2016; Savelsbergh & Gevers, 2012; Shin, Yuan, & Zhou, 2017; Somech & Khalaili, 2014; Wang, Fang, Qureshi, & Janssen, 2015). We are stating it as IWB because these innovative behaviors must be continued at certain level or in long run to achieve competitive advantage (Yi, Uddin, Das, Mahmood, & Sohel, 2019). Defining employee IWB as the series of behavior to proceed for generating, developing and practicing new/innovative ideas, methods, and suggestions towards complex issues. (Anderson, Potočnik, & Zhou, 2014; Yi et al., 2019). The innovative abilities such as creating, promoting and implementing the novel ideas to develop work methods, procedures and processes are known as IWB;

lead to high innovation, profits and success of organization (Janssen, 2000). And all this is not possible without employees being innovative in the long run so that competitiveness is secure.

IWB has strong relation with sustainability. In an organization the most critical part is innovation because organization has to face challenges for sustainable goals (Duradoni & Di Fabio, 2019; Pieterse, Van Knippenberg, Schippers, & Stam, 2010). The employee innovative behavior of an employee is the competence of an organization as innovative actions of employees are the basis of constant innovation. Consequently, organizations are eager to identify the antecedents and mechanism that can promote/encourage IWB among employees. (Agarwal & Upasna, 2014; Kleine, Rudolph, & Zacher, 2019; Scott & Bruce, 1994; Stanescu, Zbucea, & Pinzaru, 2020; Wen, Wu, & Long, 2021). The current study seeks to extend the literature on IWB in number of ways as stated below:

First, basically leadership is a big concern to impact employee innovative work behavior (Duradoni & Di Fabio, 2019; Waruwu et al., 2020) and literature reveals that leadership styles may encourage or discourage the creative and innovative behavior in firms; creating an opportunity to recognize the main aspect of leadership that significantly pushes to innovative behavior (Abdolmaleki, Ashloubagh, Shahrabi, Ashlaghi, & Safdari, 2013; Agbim, 2013; Schermuly, Meyer, & Dämmer, 2013). Although a great number of studies have evidenced the role of different leadership styles on employee's innovative work behavior (Afsar & Umrani, 2019; Karatepe, Aboramadan, & Dahleez, 2020; Knezović & Drkić, 2020) but it has been decades that leadership literature challenges its leadership styles and shows that leaders differentiate among followers rather adopting common leadership styles with all followers (Cashman, Dansereau, Graen, & Haga, 1976; Dansereau, Graen, & Haga, 1975; Graen, Liden, & Hoel, 1982; Graen & Scandura, 1987). Few scholars have found LMX as influencing factor to innovative work behavior (Agarwal, Datta, Blake-Beard, & Bhargava, 2012; Atitumpong & Badir, 2018; Saeed, Afsar, Cheema, & Javed, 2019) but how this LMX can encourage employees to be engaged in IWB is still scarce (Saeed et al., 2019); this relationship depends on many factors and is more complicated (Schermuly et al., 2013; Volmer, Spurk, & Niessen, 2012; Wang et al., 2015). Therefore, by examining whether LMX has a positive effect on employees' IWB in FMCG firms may extend the existing literature in leadership domain.

Second it is important to understand that LMX is a distinctive relationship between supervisor and subordinate (Dansereau et al., 1975) where trust is a key element to influence the quality of relationship within a dyad (Dirks & Ferrin, 2002; Gupta, Bhal, & Ansari, 2020). The major interest of the study is to investigate the direct and indirect relationship between LMX and employees' IWB through mediating mechanism of trust. Prompting trust is a major concern of different firms and leadership theories, in leader-follower relationship trust leads to significant outcomes (e.g., Podsakoff, MacKenzie, Moorman, & Fetter, 1990; Schaubroeck, Lam, & Peng, 2011). According to social exchange theory (SET), trust facilitates the link between leader member relation and employee's performance (IWB) (Colquitt, LePine, Piccolo, Zapata, & Rich, 2012; Legood & Den Hartog, 2021). The literature confirms that trust created by quality relation between leader and follower encourages employees to organizational citizenship behavior (Colquitt, Scott, & LePine, 2007; Dirks & Ferrin, 2002); high LMX reflects through mutual trust and respect (Graen & Uhl-Bien, 1995). When innovative employees have good and healthy relation with their supervisors are less likely to perceive risk for image loss in case of unsuccessful innovative thoughts and notions (Yuan & Woodman, 2010). As trust plays a major role of mechanism to explain the positive effect of LMX on IWB and

contribution of trust in leader-member relation has been prompted in social exchange theory (SET) as well.

The researches (Kahai, Sosik, & Avolio, 2003) reveal that leadership and its practices have substantial impact on IWB; leaders are assumed as one of the significant factors to influence IWB (Jyoti & Dev, 2015; Masood & Afsar, 2017). Therefore, leaders are expected to be keen to arrange a context for innovative behavior of employees (Tierney & Farmer, 2011). Even employees reported different views and behaviors for the same manager. Few employees reported high quality relation with the leader based on mutual trust and obligation whereas other reported as low quality relation based on employment contract (Graen & Uhl-Bien, 1995; Scandura, 2008). The researches have proposed that high quality LMX relation has high level of trust in relationship which is beyond the employment contract (Bauer & Green, 1996; Dienesch & Liden, 1986; Uhl-Bien, Mary, & Scandura, 2000). LMX is the quality of relationship between supervisor and employee that directs an employee to what extent he may trust his supervisor/management. Supervisor has different relation with different employees in terms decision making, responsibility, emotional support. Thus, we will have few sets of employees with high quality exchange with their supervisor and few sets with low quality exchange with their supervisor (Dansereau et al., 1975). Also, the employees in low quality exchange have impersonal and formal exchanges whereas employees in high quality exchange have high level of respect and trust (Graen & Uhl-Bien, 1995; Wat & Shaffer, 2005).

It can be concluded that subordinates who are trusted and admired by their supervisors are more motivated towards innovative work behavior (Liu, Chow, Gong, & Wang, 2016; Yuan & Woodman, 2010). When employee get support by their leaders, they are more inclined to exhibit innovative work behavior (Arain, Bhatti, Hameed, & Fang, 2019; Javed, Khan, & Quratulain, 2018; Nehles, Anna, Renkema, & Janssen, 2017; Tu, Lu, Choi, & Guo, 2019). Leaders are the one who facilitate and appear as role models to employees for innovation (Denti & Hemlin, 2012). On the other hand, when employee perceives low LMX then the communication between supervisor and subordinate is official and detached. These kind of communication and dealing obstruct innovative behavior (Battistelli, Odoardi, Vandenberghe, Di Napoli, & Piccione, 2019; Scott & Bruce, 1994; Yeoh & Mahmood, 2013; Yuan & Woodman, 2010). So we can say this interaction, relation between supervisor and subordinate and expectation of supervisor can influence innovative work behavior.

Third, investigation of this phenomenon in a collectivistic society like Pakistan may provide a great insight into the role of quality of leader-member relationship in fostering employees' innovative behavior in FMCGs that are highly structured and formalized organizations. In Pakistan the centralized authorities, lack of trust and coercive leadership hinder employees to be involved in innovative behavior. Thus, it is necessary to address this issue because growing and competing firms have need for employee's discretionary behavior like innovative work behavior. As creative and innovative behaviors have some risk involved in it and employees are reluctant to engage in this risky behavior (George & Zhou, 2007) and trust is a key tenet to do so. Also, it is perceived by employees that if they are not involved in IWB, they are not ignoring job roles rather extra role behavior is ignored (Ramamoorthy, Flood, Slattery, & Sardessai, 2005). Thus, it has emerged as big challenge for firms to strive for improving and sustaining IWB at work.

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In summary, current study answers 2 questions; (1) What kind of relationship is between LMX and employee IWB? And (2) How does this relationship work for the employees in FMCGs?

1. Literature Review & Hypothesis Development

2.1 Leader-Member Exchange and Employee IWB

No doubt innovation is a complicated process with huge risk; leader's constructive behavior and relation with employee is main aspect to promote employee innovative work behavior (Wen et al., 2021). The important part of work environment is employee relationship with his supervisor and having substantial impact on employee's belief for his potential performance and possible outcomes of his innovative efforts (Yuan & Woodman, 2010). The supervisors have remarkable effect on workers motivation and job satisfaction and supervisors contribute in creating participative work environment and compensate innovation efforts and change (Damanpour & Fariborz, 2006; Elenkov & Manev, 2005; Janssen, 2005).

The leaders motivate and cheer employees to opt new and novel methods in work life. Their quality relation elaborates how employees make mind-set for generation and implementation of novel ideas. If relationship is healthy enough, employees are fearless and confident about their skills and abilities to practice their new ideas (Atitumpong & Badir, 2018). Thus, we may say that this positive relation between leader and employees develops a bond to perform.

Moreover, the literature has acknowledged that additional time, resources and autonomy at workplace is required to have new ideas, to advance the products and process and update the technologies (Arhan, 2017; Ammara 2018). When employees have access to sufficient resources and sustenance from supervisors, employees are eager to indulge in employee innovative work behaviors (Yuan & Woodman, 2010). Therefore, it can be proposed that high LMX encourages employees to show employee innovative work behaviors and firm enough that these behaviors will give them performance incentive. The study revealed that high LMX reflects through mutual trust and respect (Graen & Uhl-Bien, 1995). When innovative employees have good and healthy relation with their supervisors are less likely to perceive risk for image loss in case of unsuccessful innovative thoughts and notions (Yuan & Woodman, 2010). It can be concluded that subordinates who are trusted and admired by their supervisors are more motivated towards employee innovative work behavior (Liu et al., 2016; Yuan & Woodman, 2010).

On the other hand, when employee perceives low LMX then the communication between supervisor and subordinate is official and detached. These kind of communication and dealing obstruct employee innovative behavior (Battistelli et al., 2019; Scott & Bruce, 1994; Yeoh & Mahmood, 2013; Yuan & Woodman, 2010). So we can say that interaction, relation between supervisor and subordinate and expectation of supervisor can influence innovative work behavior. The low communication and rigid expectation by supervisor and lack of interest may hurdle the role of subordinate with him (Atitumpong & Badir, 2018; Battistelli et al., 2019; Scott & Bruce, 1994). The expectations of supervisor influence or modify the subordinate's behavior and motivation as well. On the basis of earlier study, it was proposed that amount of expectation to which supervisor expect from his subordinate to be innovative

influence the employee IWB positively (Akram, Lei, Haider, & Hussain, 2020; Scott & Bruce, 1994; Young, 2012). Employees who enjoy high quality LMX are free to discuss their issues hindering their performance. Here we can propose that in high LMX supervisor has strong rapport and communication with subordinates and thus employees are more involved in employee innovative work behavior (Lee, Thomas, Martin, & Guillaume, 2019; Liden, Sparrowe, & Wayne, 1997).

Thus, we hypothesize the following relation:

Hypothesis (H1): LMX positively influences employee IWB.

2.2 Trust as mediator between LMX and Employee IWB

The literature on LMX reveals many positive outcomes of high quality LMX like organizational commitment, job satisfaction, satisfaction from supervisor, promotion (Testa, 2002). Conversely few researches have highlighted the non-significant relation between LMX and positive outcomes (Scandura, 2008), signifying the need to explore the underlying mechanism in LMX-performance relationship.

According to study one of the contexts where trust has acknowledged significant attention is leader-member relation (LMX), social exchange theory (SET) by Blau (1964) has emphasized the importance of trust in this exchange relationship (Legood & Den Hartog, 2021; Schaubroeck et al., 2011). According to social exchange theory, exchange occurs when leader express certain positive behaviors towards an employee and in return employee feels obliged to reciprocate i.e. extra effort (IWB) that leads to encouraging organizational outcomes; it continues through a series of exchanges (Cropanzano & Mitchell, 2005). Leader-member exchange is actually a process where trust builds, grows quickly and remains consistent with time (Bauer & Green, 1996; Dansereau et al., 1975; Liden, Wayne, & Stilwell, 1993). The definition shows trust as an important factor in leader member exchange relationship (Graen & Uhl-Bien, 1995; Li et al., 2019). When employees show trust in their leaders, they show extra role behaviors at workplace. It is the way through which employee respond to their quality relationship with their leaders; as now they trust their supervisor so they are involved in discretionary behaviors (Li et al., 2019; Nazir, Shafi, Asadullah, Qun, & Khadim, 2020).

The LMX usually starts with stranger phase, having very little interaction or we say it is quite formal (Graen & Schieman, 1978; Graen & Uhl-Bien, 1995). Here the relation between supervisor and employee is low quality LMX as it lacks commitment and concern towards each other (Williams & Scandura, 2016). Once the relationship nurtures both supervisor and subordinate share greater information on formal and informal as well, this phase is known as acquaintance phase. This exchange leads to the emotional connection between supervisor and subordinate. Thus, the relationship grows and develops towards loyalty, commitment, respect, obligation and trust for each other (Williams & Scandura, 2016); it reflects high quality LMX relationship (Graen & Uhl-Bien, 1995). Trust is the most important construct of LMX as LMX is trust building process (Scandura, 2008). When there is number of exchanges between supervisor and employees, it makes the relationship strong and improves trust of each party for the other one. Consequently it is expected that it will continue as positive exchanges and positive effects (Chan, Au, & Hackett, 2012). The literature has investigated the link between trust and behavioral consequences i.e. OCB (Burke, Sims, Lazzara, & Salas, 2007; Colquitt et al., 2012; Dirks & Ferrin, 2002; Yang & Mossholder, 2010). When employees receive trustworthiness from supervisors, in return employees show trust in their supervisors and improves performance continuously (Colquitt et al., 2007; Scandura, 2008; Yang, Lee, Lee, & Koo, 2019). Based on aforementioned research we expect that trust mediates the relation between LMX and employee IWB.

Thus, we hypothesize the following relation

Hypothesis (H2): Trust mediates the positive relation between leader-member exchange and employee innovative work behavior.

2. Methodology

The current study is based on Quantitative and survey approach in order to gather dyadic (supervisor-subordinate) data. The current cross sectional survey considered the supervisors and subordinates working in 12 different FMCGs operating in Pakistan as the dyadic nodes of this relationship oriented research (Afsar & Umrani, 2019; Lee, Pak, Kim, & Li, 2019; Nazir et al., 2020). Data were collected through survey questionnaire working in distribution, production and marketing departments of FMCGs as operations of these three department are considered to be major focus for innovative work behavior (Sari, 2020)

In order to get maximum participation and response rate, the management of each FMCG firm was contacted to explain about the need and importance of the study. Both questionnaires (employee and supervisor) were delivered in person to HR/management of each FMCG. Data related to the constructs i.e. LMX, Trust and employee IWB will be administered in two questionnaires. One questionnaire is related to employee's perception measuring LMX, trust and demographics. The other questionnaire is evaluating effect of aforementioned constructs for employee's SIWB but assessed by his supervisor.

Next, management of those FMCGs were requested to provide list of supervisors working in aforementioned departments to consider only those managers/supervisors who have certain number of employees working under their supervision. We assured no supervisor rated more than four subordinates averagely to avoid the personal bias and issues within- group like loud results. Both responses of subordinate and supervisor were kept confidential from each other. Questionnaires were distributed among randomly selected supervisors and subordinates with assigned codes to both sets of questionnaire to pair the response of an employee with the response of his respective supervisor. Overall 80 supervisors and 250 subordinates participated in the study. After excluding the incomplete responses, the final dyad responses were 200 with 80% of response rate. University's ethics standards were conformed, a cover letter was attached to questionnaire, with the details to explain purpose of study. The confidentiality was assured as names of subordinates were revealed to supervisors only for rating their employee innovative work behavior. Thus, the study has dyad data; confirming the employee attitude and perception data by employee while its effect on employee's behavior is confirmed by his supervisor.

3.1. Measures

The items were measured on a five-point Likert scale ranging from 1 "not at all" to 5 "to a great extent".

- LMX: To measure LXM, Graen and Uhl-Bien (1995) scale was used. A sample item is "My supervisor has enough confidence in me that he would defend and justify my decisions if I were not present to do so"
- Trust: To measure trust, a scale (Stanley, Meyer, & Topolnytsky, 2005) was used. A sample item is "I trust management to make the right decisions in situations that affect me personally"

- IWB: To measure employee IWB, a scale by Jong and Hartog (2010) was used. A sample item is “The employee continuously searches out new work methods or techniques”

3. Results

The study used structural equation model (SEM) through partial least square method (PLS) for testing the hypothesis. PLS-SEM is a variance-based technique to test the significance of path coefficients in structural models. It is one of the frequently used techniques in social science (Ali, Kan, & Sarstedt, 2016; Aman, Abbas, Mahmood, Nurunnabi, & Bano, 2019) and management research (Hair, Sarstedt, & Ringle, 2019). According to Hair, Sarstedt, Pieper, and Ringle (2012), if research settings are exploratory in nature, they demand soft modeling approach. Moreover this approach has ability to deal with both small and medium samples and produce robust results in exploratory research to test and validate a research model (Hair, Ringle, & Sarstedt, 2011; Hair et al., 2012; Henseler, Ringle, & Sinkovics, 2009). PLS-SEM has used two-step analysis approach/ sub techniques in the current study i.e. the structural model and the measurement model. A structural model defines the relation between independent and dependent variables, while measurement model defines the relation among latent variables and observed items (Hair et al., 2019; Wong, 2013). The Smart PLS 3.0 was employed for data analysis and SPSS 23 to report the descriptive statistics through demographic profile in table 1.

Table: 1 Respondent’s Profile

Demographic characteristics		Frequency	Percent (%)
Gender	Male	155	77.5
	Female	45	22.5
Qualification	Bachelors	85	42.5
	Masters	115	57.5
Age	25-30 years	71	35.5
	31-35 years	71	35.5
	36-40 years	36	18
	41-45 years	17	8.5
	Above 45 years	5	2.5
Experience	1-3 years	50	25
	3-5 years	60	30
	5-7 years	44	22
	7-9 years	25	12.5
	Above 9 years	22	11

N=200

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At first stage, we investigated the measurement model for reliability before testing the proposed hypothesis. Table 2 showed the analysis of measurement model and values for all the loadings were almost greater than 0.5 threshold (Barclay, Higgins, & Thompson, 1995; Chin, 1998). Accordingly, cutoff for composite reliability (CR) should be above 0.7 (Hair, Hult, Ringle, & Sarstedt, 2014) and cutoff for average variance extracted (AVE) is 0.5 (Bagozzi & Yi, 1988). Based on analysis, showed that current study has attained convergent validity and reliability.

Table: 2 Measurement validity

Latent Variable	Item	Loadings	AVE	CR
Leader member exchange	LMX1	0.754	0.507	0.806
	LMX2	0.696		
	LMX3	0.747		
	LMX4	0.708		
	LMX5	0.662		
	LMX6	0.708		
	LMX7	0.7		
Trust	TR2	0.703	0.548	0.829
	TR3	0.779		
	TR4	0.731		
	TR5	0.741		
	TR6	0.741		
Employee Innovative work behavior	IWB2	0.718	0.517	0.906
	IWB3	0.753		
	IWB4	0.646		
	IWB5	0.716		
	IWB6	0.742		
	IWB7	0.767		
	IWB8	0.649		
	IWB9	0.736		
	IWB10	0.733		

The discriminant validity was assessed through Fornell and Larcker (1981) presented in (table 3); AVE for each construct should be more than the correlations among all constructs of model. The result in table 3 shows that study has achieved discriminant validity.

Table: 3 Discriminant validity

	IWB	LMX	TR
IWB	0.719		
LMX	0.391	0.712	
TR	0.421	0.653	0.740

Note: The bold values in the table are the square root of AVE

The predictive strength of the model was assessed through R^2 and PLS Algorithm function was opted. The calculated values of R^2 for trust (0.426) and innovative work behavior (0.201) are above the standard threshold of 0.1 (Fornell & Larcker, 1981). Moreover, the effect size was measured using f -square in PLS Algorithm. It is actually f -square analysis that compliments R^2 in total size of effect of latent variables on dependent variable and f -square values of 0.02, 0.15 and 0.35 are small, medium and

large respectively (Chin 2010; Cohen 1988). The effect size of LMX ($f^2 = 0.030$) and trust ($f^2 = 0.060$) was small on employee IWB whereas effect size of LMX ($f^2 = 0.743$) was found large on trust (TR).

Apart from effect size, the predictive relevance of dependent latent variables was calculated using blindfolding approach in Smart PLS. In table 4 the computed values of Q^2 for both variables are greater than zero and reflects the predictive relevance of model (Chin, 1998)

Table: 4 Blindfolding

	SSO	SSE	$Q^2 (=1-SSE/SSO)$
IWB	1800.000	1627.357	0.096
LMX	1200.000	1200.000	
TR	800.000	621.743	0.223

5.1 Mediation Analysis

For estimating the structural model in PLS algorithm, bootstrapping technique with 5,000 subsamples was employed to generate t-values for path coefficients and significance of loadings (Hair et al 2014, 2017). Also, in table 5 it reflects the standard error estimates and results of hypothesis (Tenenhaus, Vinzi, Chatelin, & Lauro, 2005). The results showed that relation between LMX and employee IWB is significant ($\beta = 0.203$, $\rho = 0.022$); hypothesis 1 is supported. Moreover the relation between LMX and employee IWB mediated by trust ($\beta = 0.188$, $\rho = 0.001$) is significant; hypothesis 2 is supported. The strength of mediation is assessed through variance accounted (VAF) method rather than Sobel test in order to hold indirect effect and statistical power (Hair et al 2016). VAF can only be used if indirect effect is significant ($\beta = 0.188$, $\rho = 0.001$). VAF is determined through the size of indirect effect in relation to the total effect (direct effect + indirect effect i.e. $0.203+0.188= 0.391$); $VAF = 0.188/0.391= 0.480$. The mediation is considered partial mediation if VAF is between 0.20-0.80 (Hair , Hult, Ringle, & Sarstedt, 2016). Thus, we can conclude that trust partially mediates the relation between LMX and SIWB.

Table: 5 Path coefficients

Relationship	Beta	SE	t-statistics	ρ	Decision
LMX>IWB	0.203	0.089	2.288	0.022	H1 supported
LMX>TR	0.653	0.043	15.185	0.000	
TR>IWB	0.289	0.086	3.365	0.001	
LMX>TR>IWB	0.188	0.059	3.184	0.001	H2 supported

4. Discussion

The main purposes of current study were to explain the role of leader-member relation (LMX) in employees' innovative work behavior, and to examine the role of trust as underlying mechanism to boost the relation of LMX and employee IWB. The results revealed the positive effect of LMX on employee IWB of employees. Although this relation has been explored in studies (Agarwal & Upasna,

2014; Atitumpong & Badir, 2018) but the research is minimal among FMCGs employees (Imran & Anis, 2011; Imran, Saeed, Anis-Ul-Haq, & Fatima, 2010) and limited in Asian context. The results suggested that trust mediated the relation between LMX and employee IWB, consistent with the study eliciting the role of trust as a major tenet between leader member relation and employee performance (Legood & Den Hartog, 2021). The results supported the direct and mediated relations. The current study contributes in existing knowledge by examining the R^2 values, effect size and predictive relevance of research model by using Smart PLS. R^2 values showed that there is significant contribution of LMX and trust to effect IWB. Moreover, limited studies have assessed and reported the effect size of latent constructs on dependent variable. Thus, current study expanded the literature by highlighting the effect of latent construct (LMX) on dependent variables (Trust, IWB) is large and small respectively. Also, the current study assessed the predictive relevance of the model as well that has not been tested earlier.

First of all the study contributes the literature on relation between LMX and employee IWB; showing that LMX can significantly influence the employee's employee IWB (Atitumpong & Badir, 2018; Volmer et al., 2012). The study explored the relative importance and deeper role of positive high quality relation between leader and follower to promote employee IWB among employees (Atitumpong & Badir, 2018; Garg & Dhar, 2017; Kim & Koo, 2017; Schermuly et al., 2013). The findings of the study revealed the positive association between LMX and employee IWB. Moreover, the mediating effect of trust is also supported and shows that trust mediates the relationship between LMX and employee IWB. Also, the theory supports the relation between LMX and employee IWB because the quality of relationship between leader and employee significantly influences the behavioral outcomes of an employee (Blau, 1964; Graen & Uhl-Bien, 1995).

Apart from direct relation the current study investigated the mediating role of trust in the relation of LMX and IWB. The findings support the literature (Legood & Den Hartog, 2021) that trust is a fundamental underlying mechanism which enables us to understand the effect of leader and follower relationship on employee's behavior and performance (IWB). It is the only leadership domain where trust is recognized as vital construct to effect the leadership process and performance (e.g. Chan & Mak, 2014; Wu, Huang, Li, & Liu, 2012; Zhu, Newman, Miao, & Hooke, 2013). Thus, we explored the role of trust as competing mediator embedded in social exchange theory. Because employee experiencing high quality relationship have support of their leaders to face challenges and are inclined to bring innovation (Garg & Dhar, 2017). Thus, findings suggest that high LMX significantly effects employee IWB only when employee build trust to engage in creative and innovative behaviors. The study elaborates one of the underlying mechanisms to show how LMX promotes IWB.

To the best of our knowledge present study is one of the studies to investigate the indirect effect of trust in the relationship between LMX and employee IWB. In earlier studies trust has been studied as moderator between LMX and IWB (Alsughayir, 2017; Tastan & Mehdi, 2015). Despite the recognized value of employee IWB in FMCGs (Imran et al., 2010), there is really scant literature examining the employee IWB in this sector. The current study contributes by improving the literature on employee IWB in the context of developing countries like Pakistan.

5. Managerial implications

The results conclude that LMX has noticeable contribution to promote employee IWB among employees. Accordingly, this development of relationship (LMX) will further strengthens the trust of an employee in this relationship to boost employee IWB. It is important for supervisors to create constant

healthy atmosphere and improve their relation with employees in long run so that employees can easily share related issues and suggestions and innovative ideas with them on regular basis. Supervisors are expected to improve and display quality exchange relationship with their employees in difficult situations as well to encourage employees to develop their trust and perform extraordinary and innovatively. Meanwhile it is expected that firm would motivate its managers to establish quality relation with their employees based on trust through transparent and formal communication in order to promote employee innovative work behavior.

6. Limitations and Recommendations

The present study has need to be considered in the light of some limitations like any other study. First of all the data for this study were collected in Pakistan only so its generalization for other countries (developing) may be argued. Secondly this study is limited to the context of FMCGs sector only. Future research needs to expand the model by looking at contextual factors to influence this relationship and covering longitudinal study as well. While results confirm the proposed relations but the causality in hypothesized relationships cannot be explained by cross sectional data. Thus, future studies need to consider longitudinal data in order to address the causality issue. Also, employee IWB is a multidimensional construct, but the current study has focused on employee IWB rather its dimensions.

7. Conclusion

The current study has put efforts to understand how LMX drives trust and employee IWB. Grounded on theoretical basis, the study explains how employees and their supervisors are interconnected to promote innovation and employee IWB in a developing country context. The study reported that it is trust that connects LMX and employee IWB. Hence, we suggest that firms should try to promote trust so that employees should be confident enough to be involved in employee IWB.

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