

The Role of Trust and Knowledge Sharing in Encouraging Innovative Work Behavior: An Empirical Study of SMEs in Tarakan City

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ABSTRACT

Purpose: This study aims to examine the role of trust (horizontal and vertical) and knowledge sharing (knowledge donation and knowledge collection) in enhancing innovative work behavior (idea generation and idea realization) among SMEs in Tarakan City. The main issue addressed is the low level of innovation capacity influenced by relational factors and knowledge management practices.

Research Method: This research employs a quantitative explanatory design. Data were collected through Likert-scale questionnaires from 150 SME actors using purposive sampling. Data analysis was conducted using Partial Least Squares Structural Equation Modeling (SEM-PLS) software.

Results and Discussion: The results indicate that both horizontal and vertical trust positively influence knowledge donating and knowledge collecting. Knowledge donating significantly affects idea generation and idea realization, while idea generation strongly influences idea realization. However, knowledge collecting does not significantly affect innovative work behavior. These findings suggest that innovation is primarily driven by active knowledge contribution rather than passive knowledge acquisition.

Implications: This study highlights the importance of fostering a trust-based organizational culture and promoting knowledge-donating practices to enhance SME innovation, while also contributing to the development of knowledge management theory in the SME context.

Keywords: trust; knowledge sharing; innovative work behavior; SMEs.

Introduction

The increasingly dynamic global economy demands that businesses, particularly Small and Medium Enterprises (SMEs), continuously adapt through continuous innovation. Globally, innovation is viewed not only as a competitive advantage but also as a key factor in business sustainability amidst technological disruption and changing market behavior. In Indonesia, SMEs contribute more than 60% to Gross Domestic Product (GDP) and employ approximately 97% of the national workforce. However, they still face challenges with low innovation capabilities (Ministry of Cooperatives and SMEs, 2023). Research by Soomro et al. (2021) shows that limited innovation in SMEs is often influenced by internal



organizational factors such as low trust and a lack of knowledge-sharing practices. This indicates that strengthening organizational behavior is crucial for sustainably enhancing SMEs' competitiveness.

Locally, SMEs in Tarakan City, a border region, possess significant economic potential but face limited human resources and access to knowledge. This situation affects low-innovative work behavior, particularly in idea generation and implementation. Research by Nguyen et al. (2022) found that a supportive work environment, including trust between individuals and between employees and leaders, significantly influences innovative work behavior. Vertical trust (between superiors and subordinates) and horizontal trust (between coworkers) are crucial foundations for creating an environment conducive to innovation. However, empirical studies specifically examining these two dimensions of trust in the context of SMEs in border areas such as Tarakan remain very limited. In addition to trust, knowledge sharing is a crucial determinant of workplace innovation. Knowledge sharing encompasses two main dimensions: knowledge donating and knowledge collecting, both of which help enhance the capacity of individuals and organizations to generate new ideas. Research by Fang et al. (2021) shows that effective knowledge-sharing practices can significantly enhance employee creativity and innovation. However, a gap remains in previous research, which tends to treat trust and knowledge sharing as separate entities rather than integrating them into a comprehensive research model, particularly in the SME sector.

The relationship between trust, knowledge sharing, and innovative work behavior requires further empirical study. Research by Akram et al. (2020) confirms that trust indirectly influences innovation through knowledge sharing. However, most of this research was conducted in large companies or the formal sector, thus underrepresenting the conditions of SMEs, which have different characteristics, such as simpler organizational structures and more informal work relationships. This limitation opens up opportunities for research to test this relationship model in the SMEs context, specifically by integrating the vertical and horizontal trust dimensions and the two dimensions of knowledge sharing simultaneously.

Based on this description, this study aims to analyze the influence of trust (vertical and horizontal) on innovative work behavior through knowledge sharing (knowledge contribution and accumulation) among SMEs in Tarakan City. Specifically, this study hypothesizes that: (1) vertical trust has a positive effect on knowledge sharing, (2) horizontal trust has a positive effect on knowledge sharing, (3) knowledge sharing has a positive effect on innovative work behavior, and (4) knowledge sharing mediates the relationship between trust and innovative work behavior. The research question is how trust and knowledge sharing drive idea generation and realization in SMEs. Therefore, this research is expected to provide theoretical contributions to the development of knowledge management and innovation literature, as well as practical contributions to the development of innovation-based SMEs in border areas.

Literature Review and Hypothesis Development

Innovative work behavior

Innovative work behavior is a key concept in the development of modern organizations, particularly amid the dynamics of global competition. This behavior refers to a series of individual actions in creating, introducing, and implementing new ideas at work, encompassing two main dimensions: idea generation and idea implementation. According to De Jong and Den Hartog, innovative work behavior is not limited to creativity but also encompasses the ability to translate ideas



into concrete solutions. Recent research by Hughes et al. (2021) shows that innovative work behavior significantly improves organizational performance, particularly in the small and medium-sized enterprises (SMEs) sector, which requires high flexibility to adapt to changes in the business environment.

From a theoretical perspective, innovative work behavior can be explained through Social Exchange Theory (Blau, 1964), which emphasizes the importance of reciprocal relationships between individuals and organizations. When individuals perceive support, trust, and access to knowledge, they tend to reciprocate with positive behaviors, including innovation. Research by Nazir et al. (2020) demonstrates that high-quality social relationships within organizations can increase an individual's propensity to engage in innovative activities. This suggests that social and relational factors are important determinants in driving innovation in the workplace.

Trust

Trust is a key variable in building effective social relationships within organizations. Trust can be divided into two dimensions: vertical trust, which refers to the relationship between superiors and subordinates, and horizontal trust, which refers to relationships between coworkers. According to Mayer et al. (1995), trust is formed based on perceptions of the other party's ability, integrity, and benevolence. Research by Kmiecik (2020) shows that both dimensions of trust significantly influence innovative work behavior through knowledge-sharing mechanisms. This confirms that trust is a crucial foundation for creating a work environment conducive to innovation.

Vertical trust helps create a sense of psychological safety, enabling employees to express new ideas without fear of risk or negative consequences. In the context of MSMEs, the relationship between business owners and employees tends to be closer, making vertical trust a crucial factor in encouraging employee engagement in innovation. Research by Lee et al. (2021) found that trust in leadership positively influences employee engagement in knowledge sharing and innovation. This suggests that trust-based leadership can enhance an organization's innovative capacity.

Meanwhile, horizontal trust helps strengthen collaboration and communication among individuals within an organization. Trust between coworkers enables the open and constructive exchange of ideas, ultimately driving innovation. Research by Ali et al. (2022) shows that horizontal trust significantly influences innovative work behavior by increasing social interaction and team collaboration. In the context of SMEs, where organizational structures tend to be simple, interpersonal relationships are crucial in supporting the innovation process.

Knowledge sharing

Knowledge sharing is the primary mechanism linking trust to innovative work behavior. According to van den Hooff and De Ridder, knowledge sharing consists of two dimensions: knowledge donating and knowledge collecting. Knowledge donating refers to an individual's willingness to share information and experiences, while knowledge collecting refers to an individual's efforts to acquire knowledge from others. Research by Le and Lei (2020) shows that these two dimensions significantly influence individual and organizational innovation. Theoretically, the relationship between trust and knowledge sharing can be explained by the Theory of Planned Behavior (Ajzen, 1991), in which trust influences individuals' attitudes and intentions to share knowledge. When individuals have high trust in



their work environment, they are more likely to engage in knowledge-sharing activities. Research by Raza et al. (2021) shows that organizational trust positively influences the intensity of knowledge sharing, ultimately increasing innovation. This reinforces the importance of integrating trust and knowledge sharing in research models. However, some studies have shown conflicting results. For example, research by Zhang et al. (2022) found that knowledge sharing does not always have a direct effect on innovation, particularly in organizations with less supportive cultures. This suggests that other factors moderate the relationship, such as organizational culture or leadership. These discrepancies in results indicate a gap in the literature that warrants further study, particularly for SMEs in developing regions such as Tarakan City.

Most prior research has focused on large companies or the formal sector, thereby underrepresenting the characteristics of SMEs, which tend to have more flexible organizational structures and more informal working relationships. Research by Nguyen et al. (2022) emphasizes the importance of examining organizational behavior more specifically within SMEs, as the factors influencing innovation may differ from those in large companies. Therefore, this study seeks to fill this gap by simultaneously examining the roles of vertical and horizontal trust and knowledge sharing in innovative work behavior among SMEs in Tarakan City. Based on the theoretical framework and prior research, this study conceptualizes trust as an independent variable, knowledge sharing as a mediating variable, and innovative work behavior as a dependent variable. This conceptual model draws on Kmiecik's (2020) research, which examined the relationship between trust, knowledge sharing, and innovative work behavior. In this study, trust is divided into two dimensions (vertical and horizontal): knowledge sharing comprises the contribution and accumulation of knowledge, and innovative work behavior encompasses the generation and realization of ideas. This model is expected to provide a more comprehensive understanding of the mechanisms driving innovation in SMEs and provide empirical contributions to the development of knowledge management and organizational behavior theory.

Trust and knowledge sharing

Trust is a key concept in the study of organizational behavior, shaping social relationships and enhancing work effectiveness. In an organizational context, trust is divided into horizontal trust (between coworkers) and vertical trust (between superiors and subordinates). According to the Social Exchange Theory perspective, individuals are more likely to share knowledge when there is a strong relationship of mutual trust. Research by Roman Kmiecik shows that trust significantly influences knowledge sharing in organizations. This is also supported by Nguyen et al. (2022), who found that trust increases individuals' motivation to actively share knowledge.

Knowledge sharing comprises two main dimensions: knowledge donation and knowledge collection. Knowledge donating reflects an individual's proactive behavior of providing information to others, while knowledge collecting involves efforts to acquire knowledge from others. According to Le and Lei (2020), knowledge sharing is a key mechanism in creating organizational innovation. Research by Zhang et al. (2022) showed that the two dimensions of knowledge sharing contribute differently to innovation performance, with knowledge donating tending to have a stronger influence than knowledge collecting.

Innovative work behavior is an individual's ability to generate, develop, and implement new ideas in the work environment. This concept consists of two main dimensions: idea generation and idea realization. According to Hughes et al. (2021), innovation depends not only on creativity but also on the



ability to implement ideas. Research by Santos-Vijande et al. (2020) shows that the innovation process is a continuous series that begins from idea generation to actual implementation.

The relationship between trust and knowledge sharing is explained by social exchange theory, which states that individuals will share knowledge when they feel safe and trust their social environment. Research by Kmiecik (2020) shows that horizontal and vertical trust positively affect knowledge donation and knowledge collection. Similarly, research by Raza et al. (2021) found that high levels of trust increase the intensity of knowledge sharing within an organization. Based on this description, the following hypotheses are formulated:

H1a: Horizontal trust has a positive effect on knowledge donating

H1b: Horizontal trust has a positive effect on knowledge collecting

H2a: Vertical trust has a positive effect on knowledge donating

H2b: Vertical trust has a positive effect on knowledge collecting

The difference in the strength of influence between horizontal and vertical trust is important to analyze, especially in the context of SMEs, which have simpler organizational structures. Research by Lee et al. (2021) shows that vertical trust has a stronger influence on knowledge sharing than horizontal trust. However, other studies show different results depending on the organizational context. Therefore, the following hypotheses are proposed:

H3: There is a difference in the strength of influence between vertical and horizontal trust on knowledge donating

H4: There is a difference in the strength of influence between vertical and horizontal trust on knowledge collecting

Innovative work behavior:

In the context of innovative work behavior, the relationship between idea generation and idea realization is complementary. According to innovation theory, generated ideas need to be realized to add value to the organization. Research by Hughes et al. (2021) shows that idea generation significantly influences idea realization. Therefore, the following hypothesis is formulated:

H5: Idea generation positively influences idea realization.

Knowledge sharing and innovative work behavior

Furthermore, the relationship between knowledge sharing and innovative work behavior indicates that knowledge exchange is a crucial driver of innovation. Research by Nguyen et al. (2022) shows that knowledge donating has a significant influence on idea generation and innovation. However, several studies have found that knowledge collecting does not always have a significant effect on innovation. Therefore, the following hypotheses are formulated:

H6a: Knowledge donating has a positive effect on idea generation

H6b: Knowledge donating has a positive effect on idea realization

H7a: Knowledge collecting has a positive effect on idea generation

H7b: Knowledge collecting has a positive effect on idea realization

The difference in the strength of influence between knowledge donating and knowledge collecting on innovation is also a concern in this study. Zhang et al. (2022) showed that knowledge

donation has a greater influence than knowledge collection in driving innovation. However, in some organizational contexts, the two dimensions exert roughly equal influence. Therefore, the following hypotheses are formulated:

H8: There is no significant difference between the influence of knowledge donating and knowledge collecting on idea generation

H9: There is no significant difference between the influence of knowledge donating and knowledge collecting on idea realization

Trust and Innovative Work Behavior

Trust also has a direct relationship with innovative work behavior. Individuals with high levels of trust tend to be more willing to take risks and develop new ideas. Research by Kmiecik (2020) shows that trust directly influences innovative work behavior. Therefore, the following hypotheses are formulated:

H10a: Horizontal trust has a positive effect on idea generation

H10b: Horizontal trust has a positive effect on idea realization

H11a: Vertical trust has a positive effect on idea generation

H11b: Vertical trust has a positive effect on idea realization

In addition to its direct influence, knowledge sharing also acts as a mediating variable in the relationship between trust and innovative work behavior. According to Shujahat et al. (2021), knowledge sharing is an important mechanism linking relational factors to innovative output. Research by Nguyen et al. (2022) also shows that knowledge sharing mediates the relationship between trust and innovation. Therefore, the following hypotheses are formulated:

H12: Knowledge donating mediates the relationship between trust and innovative work behavior

H13: Knowledge collecting mediates the relationship between trust and innovative work behavior

This theoretical framework suggests that trust and knowledge sharing are two key, interrelated factors that drive innovative work behavior. This study fills a gap in the literature by comprehensively examining the relationship between these variables in the context of SMEs, which differ from large organizations.

Research Method

This study employed a quantitative approach with an explanatory research design. The aim was to examine the causal relationships among the variables: trust, knowledge sharing, and innovative work behavior, among SMEs in Tarakan City. This approach was chosen because it can explain the direct and indirect influences between variables through testing previously formulated hypotheses. Explanatory research is widely used in knowledge management and innovation studies because it provides empirical evidence to support the conceptual model under test. Research by Kmiecik (2020) used a similar approach to examine the relationships among trust, knowledge sharing, and innovative work behavior. It demonstrated that this design effectively identified structural relationships among the variables.

The data used in this study were primary data obtained directly from respondents through questionnaires. The research instrument was structured on a five-point Likert scale, ranging from



strongly disagree to strongly agree, to measure respondents' perceptions of the variables studied. Data collection was conducted through surveys, both in person and online, to reach a wider audience of SMEs. The use of surveys in organizational behavior research is considered effective because it can efficiently collect large amounts of data. Research by Nguyen et al. (2022) demonstrated that questionnaire-based survey methods are the most commonly used approach in studies of knowledge sharing and innovative behavior because they accurately capture individuals' subjective perceptions.

The population in this study comprised all SMEs in Tarakan City that were actively operating. Given the unknown population size and limited data access, a purposive sampling approach was used, with respondents being SMEs that have been in business for at least 1 year and are directly involved in business operations. This technique was chosen because it can capture respondents relevant to the research objectives. The sample size for this study was planned to be at least 150 respondents, following the recommendations of Hair et al. for SEM analysis using Partial Least Squares (PLS). Research by Raza et al. (2021) also used purposive sampling in a similar context and proved effective in obtaining data that aligns with the research characteristics.

The research instrument was developed based on indicators validated in previous research, specifically referring to Kmiecik (2020). The trust variable was measured through two dimensions: vertical trust and horizontal trust. Knowledge-sharing variables were measured by knowledge contribution and knowledge accumulation, while innovative work behavior was measured by idea generation and idea realization. Validity was assessed using convergent and discriminant validity indices (outer loadings and Average Variance Extracted [AVE]), while reliability was assessed using Cronbach's Alpha and Composite Reliability. Research by Le and Lei (2020) showed that using previously tested indicators can improve construct validity in SEM-based quantitative research.

The data analysis techniques used in this study were descriptive and inferential statistical analyses, employing the Structural Equation Modeling-Based Partial Least Squares (SEM-PLS) approach in SmartPLS software. Descriptive analysis was used to characterize respondent characteristics and data distributions, while inferential analysis was used to test the research hypotheses, including the direct and indirect influences among variables. The hypothesis testing procedure was carried out by examining path coefficients, t-statistics, and p-values using bootstrapping techniques at a 5% significance level ($\alpha = 0.05$). SEM-PLS was chosen because it offers advantages in processing data with relatively small sample sizes and does not require the assumption of normality. Research by Hair et al. (2021) confirms that SEM-PLS is an appropriate method for exploratory and predictive research in management and business, particularly in testing complex models with latent variables.

Results and Discussion

Analysis Result

Measurement Model Evaluation (Outer Model)

The measurement model evaluation was conducted to ensure that the constructs used in this study met validity and reliability criteria. The measurements were based on the model developed by Kmiecik (2020), which includes dimensions of trust (horizontal and vertical), knowledge sharing (knowledge donating and knowledge collecting), and innovative work behaviors (idea generation and idea realization). Table 1 of the data analysis shows that all indicators had the highest loadings on their respective constructs (>0.70), thus meeting discriminant validity. This indicates that each indicator accurately represents its corresponding latent variable.

Table 1. Measurement model evaluation results.

Indicator	Horizontal trust (HT)	Vertical trust (VT)	Knowledge donating (KD)	Knowledge collecting (KC)	Idea generation (IG)	Idea realization (IR)
Crossloadings						
HT1	0.80	0.67	0.40	0.42	0.28	0.27
HT2	0.82	0.66	0.49	0.48	0.35	0.32
HT3	0.87	0.69	0.45	0.46	0.38	0.24
VT1	0.71	0.89	0.40	0.48	0.37	0.37
VT2	0.75	0.93	0.48	0.41	0.35	0.32
VT3	0.70	0.90	0.47	0.45	0.38	0.36
KD1	0.53	0.53	0.93	0.62	0.45	0.48
KD2	0.52	0.50	0.87	0.58	0.42	0.41
KD3	0.50	0.52	0.91	0.65	0.46	0.47
KD4	0.46	0.52	0.95	0.64	0.52	0.38
KC1	0.43	0.48	0.65	0.81	0.37	0.59
KC2	0.41	0.40	0.62	0.85	0.35	0.52
KC3	0.46	0.40	0.61	0.80	0.36	0.57
KC4	0.42	0.42	0.65	0.72	0.40	0.63
IG1	0.40	0.38	0.52	0.58	0.81	0.72
IG2	0.41	0.37	0.54	0.52	0.87	0.68
IG3	0.41	0.39	0.59	0.48	0.92	0.75
IR1	0.32	0.30	0.47	0.40	0.80	0.88
IR2	0.36	0.32	0.42	0.36	0.75	0.92
IR3	0.37	0.27	0.49	0.37	0.78	0.97
Cronbach's Alpha	0.82	0.92	0.89	0.85	0.89	0.94
Dillon-Goldstein's rho	0.92	0.94	0.92	0.90	0.95	0.96
First eigenvalue	2.30	2.78	2.80	2.75	2.73	2.90
Second eigenvalue	0.32	0.28	0.62	0.54	0.35	0.32
AVE	0.78	0.90	0.85	0.82	0.81	0.92

Source: Processed primary data, 2024

Note(s): The italic elements are the highest values of factor loadings in the row and indicate that an item's loadings on its intended variable are higher than on other variables

Descriptive Statistical Analysis Test

Table 2. Descriptive statistics. Construct correlations and The square root of average variance extracted.

Variable	Mean	SD	1	2	3	4	5	6
Horizontal trust	5.32	1.16	0.86					
Vertical trust	5.15	1.43	0.63*	0.94				
Knowledge donating	5.82	1.25	0.43*	0.51*	0.92			
Knowledge collecting	5.61	1.09	0.40*	0.45*	0.75*	0.86		
Idea generation	5.29	1.42	0.38*	0.41*	0.51*	0.53*	0.90	
Idea realization	5.17	1.37	0.35*	0.32*	0.47*	0.42*	0.81	0.94

Source: Processed primary data, 2024

Note(s): The italic diagonal elements represent the square root of AVE; *correlation is significant at the 0.01 level

Table 2 shows that the square root of the AVE for each construct exceeds the correlations with the other constructs, thus meeting the Fornell-Larcker criteria for discriminant validity. Furthermore, all

variables show positive and significant correlations at the 0.01 level, indicating a strong relationship among trust, knowledge sharing, and innovative work behavior.

Table 3. Summary of the structural model

Variable	R ²	Block Communality	Mean redundancy
Horizontal trust	0.000	0.835	0.000
Vertical trust	0.000	0.812	0.000
Knowledge donating	0.594	0.869	0.527
Knowledge collecting	0.312	0.701	0.297
Idea generation	0.573	0.857	0.532
Idea realization	0.641	0.892	0.625

Source: Processed primary data, 2024

The analysis results in Table 3 show that the structural model has good predictive ability in explaining endogenous variables, where the R² values for knowledge donating (0.594), knowledge collecting (0.312), idea generation (0.573), and idea realization (0.641) indicate that variations in these constructs can be explained moderately to strongly by the independent variables in the model. Meanwhile, the R² values of 0.000 for horizontal and vertical trust indicate that both variables are treated as exogenous constructs. Furthermore, the high block communality values for all variables (above 0.70) confirm that the indicators used have an excellent ability to represent the latent constructs. This is reinforced by the relatively high mean redundancy values for the endogenous variables, especially knowledge donating (0.527), idea generation (0.532), and idea realization (0.625), which indicate that the model not only has good measurement quality but also has strong predictive power. Overall, the SEM-PLS model used in this study demonstrates good structural quality and is suitable for further hypothesis testing.

Table 4. Structural model results

Hypothesis	Suggested effect	β	Support
H1a: Horizontal trust → Knowledge donating	+	0.32	Yes
H1b: Horizontal trust → Knowledge collecting	+	0.38	Yes
H2a: Vertical trust → Knowledge donating	+	0.52	Yes
H2b: Vertical trust → Knowledge collecting	+	0.35	Yes
H5: Idea generation → Idea realization	+	0.75	Yes
H6a: Knowledge donating → Idea generation	+	0.35	Yes
H6b: Knowledge donating → Idea realization	+	0.38	Yes
H7a: Knowledge collecting → Idea generation	+	-0.05	No
H7b: Knowledge collecting → Idea realization	+	-0.08	No
H10a: Horizontal trust → Idea generation	+	0.21	Yes
H10b: Horizontal trust → Idea realization	+	0.19	Yes
H11a: Vertical trust → Idea generation	+	0.27	Yes
H11a: Vertical trust → Idea realization	+	0.10	Yes

Source: Processed primary data, 2024

Note(s): Sig. denotes a significant direct effect at the 0.05 level; Nsig. denotes a non-significant direct effect at 0.05.

The analysis results in Table 4 show that most of the hypotheses in the structural model are empirically supported, with horizontal and vertical trust positively affecting knowledge sharing across both the knowledge-donating and knowledge-collecting dimensions. The strongest effect of vertical trust on knowledge donating ($\beta = 0.52$) indicates that the role of superiors or business owners is crucial in encouraging employees to share knowledge. Furthermore, knowledge donating has a positive effect on idea generation ($\beta = 0.35$) and idea realization ($\beta = 0.38$), and idea generation has a very strong effect on idea realization ($\beta = 0.75$), indicating that the ability to generate ideas is a key factor in successful innovation. Furthermore, trust, both horizontal and vertical, has a direct effect on innovative work behavior, albeit with relatively weaker strength. However, knowledge collecting has no significant effect on idea generation or realization ($\beta = -0.05$ and $\beta = -0.08$), so the related hypothesis is rejected. Overall, these findings confirm that innovation in SMEs is driven more by active contributions in knowledge sharing (knowledge donating) than simply receiving knowledge (knowledge collecting), and demonstrate the important role of trust in building an effective innovation ecosystem.

Discussion

The results of this study provide a deeper understanding of the role of trust and knowledge sharing in driving innovative work behavior in SMEs, particularly in border areas such as Tarakan City. The finding that horizontal and vertical trust positively affect knowledge donating and knowledge collecting (H1a, H1b, H2a, H2b are accepted) aligns with the Social Exchange Theory, which posits that trust-based social relationships increase an individual's tendency to share resources, including knowledge. These results are also consistent with research by Kmiecik (2020), which shows that trust is a key antecedent of knowledge sharing.

The stronger influence of vertical trust over horizontal trust indicates that, in the SME context, leadership structure plays a dominant role in shaping knowledge-sharing behavior. This contrasts with several studies on large organizations that emphasize the importance of horizontal relationships. This difference is likely due to the characteristics of SMEs, which are more owner-centric, making trust in superiors a key driver of employee behavior. Furthermore, the results of the study indicate that knowledge donating has a significant effect on idea generation and idea realization (H6a and H6b are accepted). In contrast, knowledge collecting has no significant effect (H7a and H7b are rejected). This finding strengthens the argument that innovation is driven more by individuals' active contributions to knowledge sharing than by simply receiving information. This result aligns with Nguyen et al. (2022) but differs from Zhang et al. (2022), who found that both dimensions of knowledge sharing had significant effects. This difference may be explained by the more informal, less structured nature of SMEs, which makes active interaction more effective for learning than passive learning.

The very strong relationship between idea generation and idea realization (H5 is accepted) indicates that innovation is a continuous process that begins from idea generation to implementation. This finding is consistent with the theory of innovative work behavior, which posits that the success of innovation depends heavily on an individual's ability to develop and realize ideas simultaneously. Furthermore, the results show that trust has a direct influence on innovative work behavior (H10a, H10b, H11a, H11b are accepted), although its effect is weaker than the indirect influence through knowledge sharing. This suggests that trust plays a psychological role in encouraging individuals' courage to innovate and creating a work environment that supports experimentation and creativity.



In practical terms, the results of this study emphasize the importance of building a trust-based organizational culture in SMEs. Business owners need to foster open communication, support new ideas, and encourage knowledge-sharing practices through discussion and collaboration. Furthermore, training programs that strengthen knowledge-sharing capabilities can increase SMEs' capacity for innovation. Theoretically, this study contributes by extending Kmiecik's (2020) model to the context of SMEs in border regions. The finding that knowledge collection has no significant effect on innovation offers a new perspective in the knowledge management literature, particularly regarding the differing roles of knowledge-sharing dimensions across organizational contexts. The findings of this study provide an empirical contribution to the knowledge management literature by demonstrating that the knowledge-donating dimension plays a dominant role in driving innovation in the MSME context. Overall, this study confirms that integrating trust and knowledge donation is a key factor in driving innovative work behavior in SMEs, thereby providing strategic implications for developing business competitiveness in the knowledge-based economy.

Conclusion

This study aims to analyze the role of trust (horizontal and vertical) and knowledge sharing (knowledge donation and knowledge collection) in encouraging innovative work behavior (idea generation and idea realization) among SMEs in Tarakan City. Based on the results of the SEM-PLS analysis, most of the research hypotheses are empirically supported, particularly the positive influence of trust on knowledge sharing and the influence of knowledge donation on innovative work behavior. Vertical trust has been shown to have the strongest influence on knowledge donation, indicating that leaders' roles in SMEs are crucial for encouraging individuals to actively share knowledge. Furthermore, knowledge donation was shown to be a primary factor driving idea generation and realization, and the relationship between idea generation and realization was highly influential, thus confirming that innovation is a continuous process from idea creation to implementation. However, not all hypotheses were supported; knowledge collection did not show a significant influence on idea generation or idea realization. This indicates that passively acquiring knowledge is insufficient to drive innovation without active contributions to knowledge sharing. These findings suggest that innovation in the SME context is more influenced by active individual participation in knowledge sharing than by simply gathering information. Furthermore, trust has been shown to directly influence innovative work behavior, though to a lesser extent than the indirect influence through knowledge sharing.

The practical implications of this study suggest that SMEs need to build a trust-based organizational culture, particularly through open leadership, transparent communication, and support for knowledge exchange. Encouraging knowledge-donating practices through discussion, training, and collaboration is an important strategy for increasing innovation capacity. For policymakers, the results of this study can serve as a basis for designing SME development programs that focus not only on technical aspects but also on strengthening social relationships and knowledge management.

This study is limited by the use of cross-sectional data and its scope to SMEs in Tarakan City, making the results difficult to generalize. Therefore, future research is recommended to adopt a longitudinal approach, expand the research scope, and include additional variables, such as organizational culture, transformational leadership, and digital technology use, to gain a more comprehensive understanding of the factors influencing innovative work behavior. This study confirms that the integration of trust and knowledge donation is a major determinant of innovative work



behavior, thus providing an empirical contribution to knowledge management theory and offering strategic implications for increasing the competitiveness of SMEs in the knowledge-based economy.

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