

Impact of organizational support on the innovative performance of organizations

Dr. SHOUKAT MALIK

Director AIBF

Alfalah Institute of Banking & Finance

shoukatmalik@bzu.edu.pk

FATIMA ASIF

MS Scholar

Alfalah Institute of Banking & Finance

sipra.rulez@gmail.com

Abstract:

Purpose – *The key tenacity of this research paper is to explore the direct and collaborative impact of organizational support on the innovative performance of firms.*

Design/methodology/approach – *This research paper develops and investigates a hypothetical research model where the dimensions of organizational support are the independent, innovative performance is the dependent and human capital is a moderating variable. The questionnaire method is used to collect data from 30 textile firms in Pakistan. For testing the hypothesis we used multiple and moderated regression analysis.*

Findings – *All the dimensions of organizational support have positive outcomes on the innovative performance. Human capital as a moderator showed negative but significant effect on the innovative performance i-e does not moderate but neutralizes the association of organization support and innovative performance.*

Research Limitations – *Sample size is limited. Control variables are not used. Findings are limited to Textile sector of Pakistan only.*

Practical Implication – It provides a base for the researchers to find the moderating role of human capital on innovative performance of the textile sector. It helps manager to take further steps to increase the organization support for the human capital so that they put all their efforts in enhancing the innovative performance of the organizations that will ultimately lead the company towards success.

Originality/value – Organizational support and human capital are two separate streams and have been checked their individual effect on the innovative performance. However, these are not combined before. This paper discusses and examines the effect when these positive drivers relate with one another other. Further, it will also explores the complementary effect of organizational support and human capital.

Key words: Organizational support, Innovative performance, Pakistan

1. INTRODUCTION:

Organizational Support (OS) for intrapreneurial activities has ended up vital yet isolate zones of management research throughout the previous three decades Organizational supportive environment, is one of the inner climate factor that act as a facilitator for organizations to increase organizational entrepreneurial events (e.g. Miller and Friesen, 1982; Schuler, 1986; Kuratko et al., 1990, 2005; Zahra and Covin, 1995; Antoncic and Hisrich, 2001; Hornsby et al., 2002; Dess et al., 2003). On the other hand, HC as a central capability is labeled as one of the foremost signs of organizational learning (e.g. Bantel and Jackson, 1989; Edvinsson and Malone, 1997; Hitt et al., 2001; Skaggs and Youndt, 2004). Hence it is worth to examine their collective influence on the innovative performance though both own the capacity to add independently to the organizational proficiencies from various facets. For example on one side the organizational support for intrapreneurship can be defined as an appropriate firm's

setting where intrapreneurs can simply access to needed firm's resources and circumstances to cultivate and implement novel ideas and plans and can inspire and empower the whole firm's innovativeness. On the other side human capital is the collection of the one's knowledge, experience, education, talents and capabilities of the firm's human resources that creates an obligatory knowledge source for the excellence of the one's entrepreneurial and innovative efforts. The expenses furthermore the execution effects of every assets, resources and endeavors are exceptionally discriminating for the firm's managers. Whereas the researchers at the age of knowledge economy recommend them to make plans, policies and structures to be both novel and proficient at the similar time (March, 1991, Raisch and Birkinshaw, 2008). Managers following these recommendations can wonder if the funds utilized simultaneously to the betterment of the human capital and to the provision of organizational supports would create synergetic effects or if improving only one at a time is more beneficial especially when the organizational slack resources.

After studying the relevant literature, we found those empirical studies that checked the relationship between Organizational Support for innovative activities and the excellence of Human Capital, and their effect on innovative performance. Many of the literature explored individual effects of OS and HC on firm's performance. After seeing the scarcity of experimental studies that examined the mutual impact of Human Capital and organizational support system for innovative actions, our basic research question in this study is as follows: "Is Human Capital act as a moderator in the relationship of Organizational Support and innovative performance

The purpose of this study is to determine an interaction or complementation between the strength of the organizational support given to human resources and the worth of those human resources that are supported. In the latest literature,

effect of several kinds of organizational support system on the innovative performance (e.g. Hornsby et al., 2009) are discussed individually from the perceived excellence of the human capital that gets this support.

In this study, we effort to argue and explore what will occur when both positive drivers interrelate with each other. On one side, we might automatically purpose that this collaboration will leads to an additional escalation in the innovative performance as previous studies shows that both are important drivers of it, and when they are combined they will surly create a synergetic effect. While, on the other side, by this chance of synergy, we can say that any rise in the innovative performance may not originate automatically and instantly once such contact occurs. Beyond interaction, a balancing or complementary relationship can also happen like when one driver is lesser than the other might complement its effect on innovative performance.

This study has five segments. The introduction leads the second section where we concisely explain the theoretical framework and will make hypotheses describing the relationships among our variables like Organizational Support, Human Capital and innovative performance of the organizations. The third section enlightens the research methods used for the data collection and analysis procedures, and the fourth section unveils the findings of our study. Finally, the fifth section describes the conclusions and implications of our study.

2 THEORETICAL FRAMEWORK AND HYPOTHESES:

2.1 The impact of organizational support factors on innovative performance.

Previous studies shows that if organizations want innovative activities within the organizations then they should create supportive environment for such activities (Rothwell, 1975). If

organizations want that they should cope up with the dynamically changing circumstances then their internal environmental climate should be supportive for the intrapreneurs so that they freely work for innovative projects (Jeong et al., 2006). When intrapreneurs are supported and coordinated by top management these innovative projects leads to long term sustainable competitive edge in the form of new and novel products, processes, services etc (Brentani, 2001; Hornsby et al., 2002). From the study of past literature it is anticipated that innovative performance is the result of the supportive working environment that is provided for intrapreneurial activities (Kuratko et al., 2004; Kuratko et al., 2005; Subramanian, 2005).

It is necessary for the organizations to develop policies, procedures, practices, processes, and characteristics for developing comfortable and appropriate organizational environment for conducting intrapreneurial actions. Organizations should actualize their suitable managerial practices and mandatory behavioral patterns for converting the innovative ideas into products, services, managerial and functional processes, structures etc. Through extensive study of past literature we came to know that for establishing appropriate internal working environment for intrapreneurship should be based on following organizational engagements or managerial tools:

- (1) Management support for ideas creation & development.
- (2) Free allocation time.
- (3) Flexible organizational structures
- (4) Appropriate use of rewards.
- (5) Tolerance for trial-and-errors

The first factor, management support is very necessary for developing and creating new ideas for the organization (Kuratko and Montagno, 1989). This shows that management is

ready to provide you the necessary resources and helps you in overall processes and this thing will encourage focusing on innovative efforts (Hornsby et al., 2002). Management support also help in coordinating and formalizing the individual efforts which will result in enhancing the efficiency of the innovative projects done by the employees. Management support also helps in developing ideas. Top management should show open mindedness for promoting entrepreneurial activities and also include employees from lower level in making and developing strategic plans. Although the commitment and involvement of employees in strategies formation varies in organizations (Burgelman, 1984). When employee participate in making strategies for the organization maximum and different type of point of views are shared and expressed throughout the organization (Kemelgor, 2002). Empirical findings done by Barringer and Bluedorn's (1999) shows the correlation between high employee participation in developing strategies and entrepreneurial orientation. Management also supports when some conflicts arises while creating, developing and implanting the new idea (Damanpour, 1991). When management helps and promotes the creative and innovative ideas it will increase the trustworthiness of the employees on their organization and they will start working more rigorously for the innovative ideas and projects (Stevenson and Jarillo, 1990). Therefore, it seems that management support will have a positive effect on the generation of new ideas (Stevenson and Jarillo, 1990). Managerial support has a positive and significant impact on the innovative performance (Lutfihak, Cagri, Gurhan, Gunduz and Kemal, 2010). So our first hypothesis is as follows:

H1: Higher management support would enhance innovative performance.

The second factor is allocation of free time. That is how much the organization gives free time to their employees for

innovative ideas generation (Brazeal, 1993; Fry, 1987; Schuler, 1986, Pinchot, 1985; Kuratko et al., 1990). Those organizations who give free time for developing new ideas, this thing encourage their employees to take risk for innovations (e.g. Burgelman, 1984; Fry, 1987; Sundbo, 1999; Hornsby et al., 2002). High level of autonomy is given to the intrapreneurs having idea of innovation that also involve high risk but the projects are innovative (Souder, 1974, 1981; Fry, 1987), then organization should provide organizational resources including free time especially for these innovative projects. This will increase the entrepreneurial climate within the firm (Fry, 1987; Hornsby, Kuratko and Montagno 1999; Hornsby, Kuratko and Zahra, 2002). If organization allow and encourage employee to take risk then organization must pass on the authority, shared reliance and commitment irrespective of their integrity and abilities. This entire thing depends on expressive connection of innovators with their firms (Mayer, Davis and Schoorman, 1995). Organizations should also provide other resources like necessary equipments, labor and other required information as these things are inputs of innovative and creative activities. Many diligent workers utilize their spare time in converting their innovative ideas into reality (Ende et al., 2003). Allocation of spare time given to the employees is a crucial factor for both daily tasks and innovative activities like time to think, to observe, to experiment and finally to develop (Pinchot, 1985; Fry, 1987). So our second hypothesis is as follows:

H2: Higher allocation of free time will enhance the innovative performance.

The third factor is organization structure. The organization structure should be decentralized. This thing will give autonomy in decision making towards employees and lower managers. Organizations should show flexibility in developing strategies (Mintzberg, 1973; Khandwalla, 1973; Burgelman,

1983, 1984; Slevin and Covin, 1990; Covin and Slevin, 1989; Barringer and Bluedorn, 1999; Honig, 2001). Organizations should give some autonomy to the employees in making their decisions related to their work (Slevin and Covin, 1990; Lober, 1998; Kuratko et al., 1992; Hornsby et al., 2002). Organization should give autonomy, this give encouragement to employees to exercise it (Quinn, 1979). When autonomy is given to the employees it will help them to implement their creative, novel and innovative ideas (Lumpkin and Dess, 1996, 2001). Autonomy related to decision making should be given to those who can actually carry out the work. This thing tells how much the employee is able to take initiative related to his job (Souder, 1974; Tatikonda and Rosenthal, 2000). When freedom is given to the employees in decision making they can think and act openly and can take risk as well regarding their novel ideas (Kanter, 1977). Empirical studies show that flexibility in decision-making will enhance the performance (e.g. Alpkan et al., 2007). A study was conducted by Gurkov (2009) and the results of that study showed that due to rigid organization structures the process of innovation and its implementation got slowed down. So our third hypothesis is as follows:

H3: Highly decentralized organization structure will enhance innovative performance.

The fourth factor, which we have taken, is appropriate use of incentives. When employees are giving some benefit to the organization than it becomes necessary for organization to give them the rewards (Thornberry, 2003). If the employees have the trust that the success of the organization success will give benefit to all then they will be more committed towards innovation (e.g. Morrison and Robinson, 1997; Chandler et al., 2000; Bulut and Alpkan, 2006) and also take risk for it (e.g. Kuratko et al., 1990). By giving incentives and rewards on good performance of employees an appropriate internal environment

can be created. Organizations can create good internal environment by improving their performance based reward systems (Souder, 1981; Fry, 1987; Hornsby et al., 2002). Zahra (1993) included rewarding employees and idea generation support in the organizational support. So our fourth hypothesis is as follows:

H4: Higher use of appropriate incentives will enhance the innovative performance.

The fifth and the final factor that we are taking is tolerance for risk taking and failure. Employees take risk if the management encourages them to be more and more innovative even in case of failure as well (e.g. Stopford and Baden-Fuller, 1994; Hornsby et al., 1999, 2002; Alpkan and Kaya, 2004). Those managers who are risk averse will reduce confidence of employees as well as innovative mind setup (Gupta et al., 2004). When employees feel that their management is supportive even in case of failure of innovative ideas their motivation level increases and they have a trust that they will not be punished hardly (Macmillan et al., 1986; Lumpkin and Dess, 1996).

According to Mintzberg (1973) risk-taking and significant decisive actions are the entrepreneurial style of powerful leaders. Miles and Snow (1978) saw their prospector firms as risk takers. Dess et al. (1997) felt that entrepreneurial strategy consisted of a bold, directive, opportunity-seeking style with aspects of risk taking and experimentation. Proactiveness is shown in top management activities in the form of initiatives, risk taking, competitive aggressiveness and boldness. It might be possible that top management may pass on the autonomy to low level in order to flourish innovative ideas as well as projects but still they want to control the innovation procedure and jeopardize the resource allocation (Sundbo, 1999). However, in doing so it might possible that the psychological linkage of trust

for taking the risk of innovative projects can be broken down (Robinson, 1996).

H5: Higher tolerance for risk will enhance the innovative performance.

2.2 Human capital as moderator:

Previous contingency researches showed that there is no one fit structure that can be applied to all the organizations (Donaldson, 1996). Based on previous researches we have taken human capital as a moderating variable. When an employee possess the skills, experience and knowledge he becomes the human capital. Joia (2000) define human capital in organizational context as the skills and expertise possessed by the employees of that organization. Human capital means the individual's skills, knowledge and abilities that are necessary for the economic growth (Coleman 1988). It is not the case that human capital is inborn but it can be developed through proper education and training that will ultimately enhance, update and renew the capabilities and abilities. The investment on human capital should not be considered as cost. In 2004, Dakhli and De Clercq argued that skills, expertise could be enhanced and improved by proper training and education. People who are hardworking have high education much working experience and are willing to invest their time, energy and their resources are able to secure benefits for them. Human capital can improve the performance of the organizations. Human capital having tacit knowledge can gain more competitive edge as compared to the tangible resources of the firm (Hitt et al., 2001). For the innovative performance only technology, finance and other resources are not, sufficient skilled human resource is also very important because everything can be copied except human capital, which is the rare intangible asset of the organizations. When human capital possess necessary skills, knowledge, experience, abilities they try to boost up the

competencies of organizations and also try to reduce the risks and ultimately enhances the profits that comes from the innovative activities (Hayton, 2005; Hayton and Kelley, 2006). Human capital can also act as a facilitator in order to enhance the organizational performance. Previous studies also highlight on the role of facilitator role of HC. Edelman et al. (2002) conducted a study on US SMEs found that those organizations whose policies and procedures match with their resources including human resource seeks to complete their innovative performance objectives. Hitt et al. (2001) also revealed the role of moderator of human capital in the relationship of firm resources and strategy interact to produce positive returns, conclude that HC moderates the strategy and performance relationship. Similarly, Selvarajan et al. (2007) confirm this moderator role in a different setting. Hayton and Zahra (2005) find in an empirical study on high technology new ventures in the USA that the relationship between venturing activities and innovation is moderated by the HC diversity of the top management teams. More specifically, Subramaniam and Youndt (2005) claim that the HC interacting with social capital increases radical innovative capability. In other words, if organizations with higher quality HC support their HC with higher amount of time allocations, managerial encouragements, tolerance, discretion, rewards, etc. their innovative performance would be much more increased. Following this argumentation, we develop the following hypothesis:

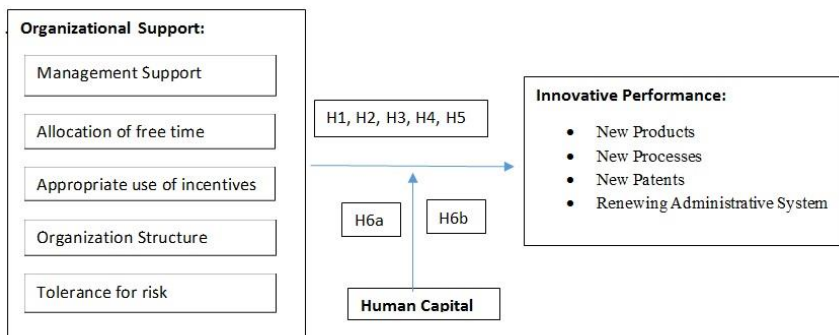
H6a. The more human capital in organizations, the greater impact of organizational support on innovative performance.

Yet, on the other side, since both human capital and organizational support are already hypothesized to be increasing innovative performance separately, the combination of them is not certain to create any further synergetic increase in this performance immediately. Instead, human capital and

organization support may be complementary to each other. For instance, when human capital is low, we may argue that there is still some place for increasing innovative performance through organization support. In other words, in those organizations where knowledge, skills, and abilities of the employees are relatively lower, the innovative performance may also be lower accordingly; at this situation, the provision of better organizational mechanisms to encourage intrapreneurial activities may recover the deficiency caused by lower levels of HC and increase the innovative performance significantly. Following this contradictory argumentation, we develop an alternative hypothesis to H6a:

H6b. The less human capital in organizations, the greater impact of organizational support on innovative performance.

3. Research Model:



4. METHOD AND FINDINGS

4.1 Measurement:

In order to assess the Organizational Support, human capital and innovative performance factors, we have adapted the items used in the studies of Alpakan et.al (2010). All items were measured on a five point Likert scale, where “1 strongly disagree” and “5 strongly agree”.

4.2 Sample:

The Textile business is the foremost manufacturing business in Pakistan. After agriculture, it is the only manufacturing sector that has generated enormous vocation for both gifted and unskilled work. Pakistan is the 8th major exporter of textile products in Asia. Pakistan is the fourth chief cotton producer. After China and India, it has the third biggest spinning capacity in Asia. The total textile mills working in Pakistan are 396, out of which 315 are spinning, 44 weaving and 37 composite units. Textile mills are located in big cities of Pakistan like Faisalabad, Lahore, Multan, Karachi, Peshawar, Mardan, Chakwal etc (Wikipedia). We used stratified random sampling technique to enhance the statistical efficiency of our sample as well as to deliver sufficient data for evaluating numerous sub population. We made strata on the basis of textile mills location and then randomly selected two cities Faisalabad and Multan as a sample. Sample size include 30 textile mills. Data was collected by middle managers like human resource manager, production manager, finance manager etc. of the textile firms.

4.3 Factor analyses and correlation tests:

Factor analysis is a technique used for variable reduction. This multivariate technique is used for three reasons like reducing the number of variables. It also provides evidence for construct validity. Finally, it creates core dimensions linking measured variables and constructs. We use exploratory factor analysis (EFA) method as the study has been conducted with no pre-conceived theories and expectations. The factor analyses produced totally seven factors as anticipated; five factors for OS, one for HC and one for innovative performance, as shown in Tables 1 and 2. Regarding to the results of the previous statistical tests for validity and reliability, we assumed that our factors are sufficiently valid and reliable to test our hypotheses. Accordingly, we produced seven constructs to be used in the

further tests, namely, Innovative performance, Human capital, Managerial support, Tolerance for risk taking, Organization structures, Allocation of free time, and Performance-based system.

We used KMO test for measuring the sample adequacy. The value of KMO for all the factors is greater than 0.6, which shows that our sample is adequate and that our results are in line with the findings of Pallant (2007).

Table 1: Measuring factor analysis of variables

		Value of KMO
Independent Variables	Management Support	0.628
	Allocation of free time	0.637
	Organizational structure	0.717
	Appropriate use of incentives	0.747
	Tolerance for risk	0.666
Moderating Variable	Human Capital	0.777
Dependent Variable	Innovative Performance	0.623

We use Cronbach's Alpha for measuring the reliability of factors. The value of Cronbach's Alpha for all the factors is greater than 0.7 which shows that our measure for the factors are reliable and our results are in line with the findings of Alpakan et. al., (2010) and Nunnally (1967). This indicates that internal consistency levels of our variables are sufficiently reliable.

Table 2: Measuring reliability of variables

		Value of Alpha
Independent Variables	Management Support	0.740
	Allocation of free time	0.700
	Organizational structure	0.859
	Appropriate use of incentives	0.742
	Tolerance for risk	0.727
Moderating Variable	Human Capital	0.825
Dependent Variable	Innovative Performance	0.766

The relationship among management Support, allocation of free time, appropriate use of incentives, organization structure, tolerance for risk, human capital and organizational performance is assessed through correlation analysis. The correlation analysis provides the positive relationship among all above variables. Pearson correlation test was used to check the correlation among variables. Correlation reveals the magnitude and direction of variables. All the values of variables are less than .8 which shows that predictors are not linearly related with one another and therefore multicollinearity does not exist. Our results are in line with the findings of Bryman & Cramer (2004).

Table 3: Correlational analysis of all variables

	MSG	AFT	WD	PRS	TRT	HC	IP
MSG	1	.272**	.097	.115	.185**	.097	.220**
AFT	.272**	1	.464**	.389**	.267**	.399**	.146*
WD	.097	.464**	1	.096	.273**	.090	.117
PRS	.115	.389**	.096	1	.423**	.510**	.246**
TRT	.185**	.267**	.273**	.423**	1	.421**	.215**
HC	.097	.399**	.090	.510**	.421**	1	.104
IP	.220**	.146*	.117	.246**	.215**	.104	1

0.01 level of significance

0.05 level of significance

4.4 Hypothesis tests:

To test our hypotheses we used multiple regression analyses (see Table V). In step 1, we conducted a regression analysis, where the dimensions of the OS constitute the independent variables and the innovative performance is the dependent variable. Our rationale that the five dimensions of the OS reinforce the organizational innovative performance is partially supported.

Table 4: Regression analysis of variables

Dependent variable	Independent variable	beta	t	Sig.
Innovative performance	Management Support	.220	3.692	.000
	Allocation of free time	.146	2.418	.016
	Organizational structure	.117	1.937	.054
	Appropriate incentives	.246	4.150	.000
	Tolerance of Risk	.215	3.611	.000

The impact of all the dimensions of organizational support like management support, allocation of free time, organizational structure, appropriate use of incentives and tolerance for risk on the innovative performance were assessed with the help of regression model. The regression model confirms the positive impact of all the independent variables on the innovative performance. The beta coefficient of management support is 0.220 and value of t is 3.692 and is significant at 0.01 level. The beta coefficient of allocation of free time is 0.146 and value of t is 2.418 and is significant at 0.01 level. The beta coefficient of organization structure is 0.117 and value of t is 1.937 and is significant at 0.05 level. The beta coefficient of appropriate use of incentives is 0.246 and value of t is 3.611 and is significant at 0.01 level. The beta coefficient of tolerance for risk is 0.215; the value of t is 3.611. Moreover, the impact of “tolerance of risk” is significant on the innovative performance at 0.01 levels. Our results are in line with the findings of Alpakan et al (2010). According to them if management support, allocation of free time, organization structures, appropriate use of incentives and tolerance for risk are increased the innovative performance will also increase.

Table 5: Moderated regression analysis

Variable	Change in R ²	Change in F	B	T	Sig.
OS	.086	25.082	.293	5.088	.000
HC	.088	12.874	-.056	-.833	.406
Moderator (OS *HC)	.102	10.063	-.120	-2.035	.043

Dependent Variable: Innovative performance

In the above table the role of human capital as moderator in the relationship between organizational support and innovative performance is assessed. In the first step, linear regression was run between organizational support and innovative performance. In the step, interaction variable was calculated by multiplying the organizational support and human capital. And again linear regression was performed by keeping the innovative performance as dependent variable and interaction variable as independent variable. By regressing the innovative performance on organizational support, the values of R^2 , t and β were found to be 0.086, 5.008 and .293 respectively. This means that organizational support determines 8.6 % of the total change in the innovative performance.

In the next model, innovative performance was regressed on the product of organizational support and human capital. The values of R^2 , t and β were found to be .102, -2.035 and -.120 respectively. This means that in the presence of human capital (moderator variable), independent variable determines 64 % change in the dependent variable. Moreover, it is observed that there is no significant improvement in the β , R square and t values (R^2 change= .554, β change= .591, t change=19.943). Organizational support and human capital when interacted produces negative but significant impact on innovative performance. Therefore, Human capital does not significantly affect the relationship between organizational support and innovative performance. Therefore, human capital does not moderate the relationship between organizational support and innovative performance. However, human capital neutralizes the association of organizational support and innovative performance.

5. RESULTS

5.1 Discussion

Present study is the first study of its type from the Pakistani context which provides empirical evidence of the relationship between organizational support, human capital and innovative performance. More specifically, this research connects five dimensions of organizational support, namely management support, allocation of free time, appropriate use of incentives, organization structure and tolerance for risk with innovative performance in the textile sector of Pakistan. Moreover, the research also highlights the role of human capital in the relationship between organizational support (management support, allocation of free time, appropriate use of incentives, organization structure and tolerance for risk) and innovative performance.

More specifically, the findings revealed the positive impact of five dimensions of organizational support (management support, allocation of free time, appropriate use of incentives, organization structure and tolerance for risk) on the innovative performance. Firstly, management support determines the innovative performance. Management support for creativity and idea generation drives the innovation activities in the organization and therefore the organizational innovative performance is improved. Employees will be motivated to generate more and try more ideas when they are rewarded for the innovativeness. Similarly, employees provide creative solutions to the problems when top management asks for suggestions. These employees' inputs improve the ways of doing things and therefore improve the innovative performance of the organization.

Secondly, the findings provide the positive impact of allocation of free time on the innovative performance of organization. Employees are more likely to provide creative ideas and improve innovative performance when they have

plenty of time. In other words, they are not suffering from burden of work which limits the creative process. Employees can better contribute to the innovative performance by having enough time to develop innovative ideas.

Thirdly, results of this study put forward the positive impact of appropriate use of the incentives on the innovative performance of the organization. Performance based reward systems motivate the employees to put extra energy. Employees show high level of performance when employees are rewarded for their efforts. In the same way, employee creativity and innovativeness is improved when successful and innovative projects of employees are encouraged and rewarded. Stating alternatively, if creative and innovative projects of employees are not rewarded then employees will be demotivated and will be less likely to innovate in future. Therefore, appropriate incentive system for the performance, especially creative performance, of employees is the key to innovate and improve the innovative performance in the organization.

Fourthly, it is found from the findings of this study that organization structure plays pivotal role in improving the innovative performance of the organization. Flexible or dynamic organizational structures drive the creative and innovative activities in the organization, whereas, static structures hinder the innovativeness. Employees show creative behavior when they are empowered in deciding the ways to get work done. Employees adopt different methods to accomplish task and therefore trigger innovativeness in the organization when employees are having freedom to use personal judgments and methods, whereas, innovation and creativity are limited in static structure where employees are bound to follow the already established ways of doing things. Therefore, organizational structure has a key role in improving the innovative performance by allowing the employees to use their personal judgments and decisions.

Thereafter, it is found that tolerance of risk is associated with the innovative performance. The process of innovation is always risky. Every new thing does not get success. Only those organizations can bring innovations which are risk takers. Organizations which encourage and support the risk taking are more innovative than others.

Finally, the findings of this study provide that human capital neutralizes the relationship between organizational support and innovative performance. In other words, the moderator role of human capital has not been found as human capital strengthens the impact of organizational support on innovative performance of the organization.

6. CONCLUSION:

From the research we concluded that organizational support factors have a positive impact on the innovative performance of the textile organizations. The findings of this study provide that human capital neutralizes the relationship between organizational support and innovative performance. In other words, the moderator role of human capital has been found in strengthening the impact of organizational support on innovative performance of the organization.

7. LIMITATIONS OF THE STUDY:

The results of this study should be interpreted by keeping in mind the following limitations.

Firstly, the findings are limited to textile industry of Pakistan. There is need to conduct this study in services and other manufacturing sectors. To line with this, current research is a cross sectional where data was collected at single time frame. Therefore, findings can be limited to limited time horizon. Similarly, results are based on data from Pakistan and therefore cannot be generalized to other countries due to

technological and cultural difference. Future studies on this issue should be conducted in other geographical areas to generalize the findings.

Furthermore, this study has not taken into account the control variables like size, capital and number of employees. The findings may differ in small and medium enterprises and large scale textile organizations. Future studies should find the impact of difference of size, capital and number of employees. This study considered five dimensions of organizational support for innovation namely, management Support, allocation of free time, appropriate use of incentives, organization structure and tolerance for risk. The future studies may focus on other dimensions of the organizational support as relationship with innovation performance.

Moreover, impact of organizational support on general innovation has been observed in the study. There is need to find the impact of organizational support variables with the specific innovation types such as marketing innovation, process innovation, product innovation and organizational innovation.

8. PRACTICAL IMPLICATION:

These results are significant from two perspectives, firstly it provides a base for the researchers to find the moderating role of human capital on innovative performance of the textile sector. It's also important for the managers to take further steps to increase the organization support for the human capital so that they put all their efforts in enhancing the innovative performance of the organizations that will ultimately lead the company towards success . Organizations that are showing good innovative performance gain competitive edge over other organizations. This will ultimately create good will and increase in financial performance of the organizations.

REFERENCES:

- Alpkan, L. and Kaya, N. (2004), “Exploring the financial performance impacts of two dimensions of corporate entrepreneurship”, *Academy of Entrepreneurship Journal*, Vol. 10 No. 2, pp. 77-87.
- Alpkan, L., Yilmaz, C. and Kaya, N. (2007), “Market orientation and planning flexibility in SMEs: performance implications and an empirical investigation”, *International Small Business Journal*, Vol. 25 No. 2, pp. 152-72.
- Alpkan, L., Bulut, C., Gunday, G., Ulusoy, G., & Kilic, K. (2010). Organizational support for intrapreneurship and its interaction with human capital to enhance innovative performance. *Management Decision*, 48(5), 732-755.
- Antonicic, B., Hisrich, R.D., (2001) Intrapreneurship: Construct Refinement and Cross-Cultural Validation *Journal of Business Venturing* 16, 495–527
- Baron, R. A. (2000). Counterfactual thinking and venture formation: The potential effects of thinking about what might have been. *Journal of Business Venturing*, 15, 79–91.
- Baron, R. A., & Markman, G. D. (2000). Beyond social capital: How social skills can enhance entrepreneurs’ success. *Academy of Management Executive*, 14(1), 106–116.
- Bianchi, T. (2001) With and without co-operation: two alternative strategies in the food-processing industry in the Italian South, *Entrepreneurship & Regional Development*, 13: 117–145.
- Bontis, N., Seleim, A. and Ashour, A. (2007), “Human capital and organizational performance: a study of Egyptian software companies”, *Management Decision*, Vol. 45 No. 4, pp. 789-801.
- Bulut, C. and Alpkan, L. (2006), “Behavioral consequences of an entrepreneurial climate within large organizations: an

- integrative proposed model”, *The South East European Journal of Economics and Business*, Vol. 1 No. 2, pp. 64-70.
- Camisón-Zornoza, C., Lapiedra-Alcamí, R., Segarra-Ciprés, M., & Boronat-Navarro, M. (2004). A meta-analysis of innovation and organizational size. *Organization Studies*, 25(3), 331-361.
- Camisón, C., & Villar-López, A. (2012). Organizational innovation as an enabler of technological innovation capabilities and firm performance. *Journal of Business Research* [article in press].
- Chandler, G.N., Keller, C. and Lyon, D.W. (2000), “Unraveling the determinants and consequences of an innovation-supportive organizational culture”, *Entrepreneurship: Theory and Practice*, Vol. 25 No. 1, pp. 59-76.
- Chandler, G. N., Honig, B., & Wiklund, J. (2005). Antecedents, moderators, and performance consequences of membership change in new venture teams. *Journal of Business Venturing*, 20, 705–725.
- Covin, J. G., & Slevin, D. P. 1991. A conceptual model of entrepreneurship as firm behavior. *Entrepreneurship: Theory and Practice*, 16(1): 7-24.
- Dakhli, M., & De Clercq, D. (2004). Human capital, social capital, and innovation: a multi-country study. *Entrepreneurship & Regional Development*, 16(2), 107-128.
- Damanpour, F., & Gopalakrishnan, S. (2001). The dynamics of the adoption of product and process innovations in organizations. *Journal of Management Studies*, 38(1), 45-65.
- Dess, G. D. & Picken, J. C. (1999). *Beyond productivity: How leading companies achieve superior performance by leveraging their human capital*. New York: American Management Association.

- Edvinsson, L. and Malone, M.S. (1997), *Intellectual Capital: Realizing Your Company's True Value by Finding Its Hidden Brainpower*, Harper Business, New York, NY.
- Florin, J. and Schultze, W. (2000) Social capital and fundability of high potential new ventures, presented at the Academy of Management Meetings, Toronto, August.
- Gupta, V., MacMillan, I.C. and Surie, G. (2004), "Entrepreneurial leadership: developing and measuring a cross-cultural construct", *Journal of Business Venturing*, Vol. 19 No. 2, pp. 241-60.
- Hayton, J. C. (2005a). Competing in the new economy: The effect of intellectual capital on corporate entrepreneurship in high technology new ventures. *R&D Management*, 35(2), 137–155.
- Hayton, J. C. (2005b). Promoting corporate entrepreneurship through human resource management practices: A review of empirical research. *Human Resource Management Review*, 15(1), 21–41.
- Hayton, J.C. and Kelley, D.J. (2006), "A competency-based framework for promoting corporate entrepreneurship", *Human Resource Management*, Vol. 45 No. 3, pp. 407-27.
- Hitt, M.A., Bierman, L., Shimizu, K. and Kochhar, R. (2001), "Direct and moderating effects of human capital on strategy and performance in professional service firms: a resource-based perspective", *Academy of Management Journal*, Vol. 44 No. 1, pp. 13-28.
- Honig, B. (2001), "Learning strategies and resources for entrepreneurs and intrapreneurs", *Entrepreneurship: Theory and Practice*, Vol. 26 No. 1, pp. 21-35. Organizational support for intrapreneurship 751.
- Hornsby, J.S., Kuratko, D.F. and Zahra, S.A. (2002), "Middle managers' perception of the internal environment for corporate entrepreneurship: assessing a measurement

- scale”, *Journal of Business Venturing*, Vol. 17, pp. 253-73.
- Hornsby, J.S., Kuratko, D.F., Shepherd, D.A. and Bott, J.P. (2009), “Managers’ corporate entrepreneurial actions: examining perception and position”, *Journal of Business Venturing*, Vol. 24, pp. 236-47.
- Jan, M. A., Shah, S. M. A., & Khan, K. U. (2014). The Impact of Culture on Innovation: the moderating role of Human Capital. *International Journal of Accounting and Financial Reporting*, 4(2), Pages-607.
- Jansen, J. J. P., Van Den Bosch, F. A. J., & Volberda, H. W. (2006). Exploratory innovation, exploitative innovation, and performance: Effects of organizational antecedents and environmental moderators. *Management Science*, 52(11), 1661-1674.
- Joia, L.A. (2000), “Measuring intangible corporate assets linking business strategy with intellectual capital”, *Journal of Intellectual Capital*, Vol. 1 No. 1, pp. 68-84.
- Kuratko, D.F., Ireland, R.D., Covin, J.G. and Hornsby, J.S. (2005), “A model of middle-level managers’ entrepreneurial behavior”, *Entrepreneurship: Theory and Practice*, Vol. 29 No. 6, pp. 699-716.
- Kurtessis, J. N., Eisenberger, R., Ford, M. T., Buffardi, L. C., Stewart, K. A., & Adis, C. S. (2015). Perceived Organizational Support A Meta-Analytic Evaluation of Organizational Support Theory. *Journal of Management*,.
- Lumpkin, G.T. and Dess, G.G. (1996), “Clarifying the entrepreneurial orientation construct and linking it to performance”, *Academy of Management Review*, Vol. 21 No. 1, pp. 135-72.
- Markman, G. D., Baron, R. D., & Balkin, D. B. (2005). Are perseverance and self-efficacy costless? Assessing entrepreneurs’ regretful thinking. *Journal of Organizational Behavior*, 26(1), 1–19.

- Meeus, M.T.H. and Oerlemans, L.A.G. (2000), "Firm behavior and innovative performance: an empirical exploration of the selection-adaptation debate", *Research Policy*, Vol. 29, pp. 41-58.
- Plummer, P. and Taylor, M. (2004), "Entrepreneurship and human capital", *Journal of Small Business and Enterprise Development*, Vol. 11 No. 4, pp. 427-39.
- Quinn, J.B. (1985). *Managing innovation: Controlled chaos. Harvard Business Review*, 63(3), 73–84.
- Raisch, S. and Birkinshaw, J. (2008), "Organizational ambidexterity: antecedents, outcomes, and moderators", *Journal of Management*, Vol. 34 No. 3, pp. 375-409.
- Rhoades, L. and Eisenberger, R. (2002), "Perceived organizational support: a review of the literature", *Journal of Applied Psychology*, Vol. 87 No. 4, pp. 698-714.
- Shoghi, B., Safieepoor, A., & Rahdarpour, J. (2014). The Effect of Intellectual Capital on the Corporate Entrepreneurship. *Asian Journal of Research in Business Economics and Management*, 4(2), 319-333.
- Simon, M., Houghton, S. M., & Aquino, K. (2000). Cognitive biases, risk perception, and venture formation: How individuals decide to start companies. *Journal of Business Venturing*, 15, 113–134.
- Slevin, D.P. and Covin, J.G. (1990), "Juggling entrepreneurial style and organizational structure", *Sloan Management Review*, Vol. 31 No. 2, pp. 43-53.
- Sundbo, J. (1999), "Empowerment of employees in small and medium-sized service firms", *Employee Relations*, Vol. 21 No. 2, pp. 105-27.
- Thornberry, N.E. (2003), "Corporate entrepreneurship: teaching managers to be entrepreneurs", *Journal of Management Development*, Vol. 22 No. 4, pp. 329-44.
- Wasti, S.A., (2002), *Affective and continuous commitment to the organization: test of an integrated model in the Turkish*

context, *International Journal of Intercultural Relations* 26 525–550.

Wright, P. M., Dunford, B. B., & Snell, S. A. (2001). Human resources and the resource-based view of the firm. *Journal of Management*, 27: 701-721.

Zahra, S. A., & Covin, J. G. 1993. Business strategy, technology policy and firm performance. *Strategic Management Journal*, 14: 45 1-47.