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**Role of Interpersonal Trust on the Relationship Between Employee Innovative Behaviour and Customer Participation: Evidence from The Hospitality Industry in Sri Lanka****N. Veerappan**

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**ABSTRACT**

**Purpose:** *The purpose of this study is to assess how the customers' contribution impels employee innovative behavior in hospitality services with respect to the mediating role of interpersonal trust in selected hotels in Sri Lanka.*

**Design/methodology/approach:** *Based on the existing literature, conceptual model is created with the dependent variable of employee innovative behavior, independent variable of customer participation and the mediating variable of interpersonal trust. A total of 391 acceptable questionnaires were obtained out of 500 questionnaires distributed comprising 198 and 193 frontline employees and customers respectively (convenient sampling was used) in three to five star hotels in Sri Lanka. The collected data were analyzed using inferential statistics.*

**Findings:** *The quantitative survey divulges that there is a significant positive effect between customer participation and employee innovative behavior and interpersonal trust. In addition, a study reveals that increasing the level of interpersonal trust between customers and employees may boost employee innovative capacity. Hence it is proved that customer participation has an indirect significant effect on employee innovative behavior through interpersonal trust.*

**Originality:** *This study contributes to fill out the existing knowledge gap and it helps to improve the innovations in the service sector with the appropriate climate of information exchange.*

**Implications:** *According to the results, increasing consumer involvement in service design and delivery improves employee novelty. Meanwhile developing trust between the parties enhances the relationship as well as it will enhance the creative power of employees in hospitality services. This study contributed to the hospitality industry on innovative ideas which makes customer participation as a tool for their novelty in the Sri Lankan context.*

**Keywords:** *Customer Participation, Interpersonal Trust, Employee Innovative Behavior, Services, Hotels, Tourism*

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## INTRODUCTION

In the competitive environment, the survival of the organization highly depends on innovative activities. Employee's innovative behavior is seen as a key factor among various workplace behaviors such as employee engagement, commitment, performance and loyalty, that improves organizational innovation and competence. It is usually beneficial in the form of productivity, brand image and customer loyalty and has always been regarded as a significant source of competitive advantage for the organization (Shin, Yuwan & Zhou, 2017). The focus of innovative behaviors of employees involves both the generation and execution of fresh concepts, covering a wider variety of behavior than creativity (Sulaiman et al., 2015; Ali Thawabieh, and Saleem, 2016; Shalley et al., 2004) which could benefits both service firms and employees themselves. In the modern business milieu, employee innovative behavior (EIB) supports to develop and disseminate new goods and services (Su, 2011) and improve the service excellence and customer satisfaction (Tajeddini & Trueman, 2012). Therefore, the effective promotion of employee innovative behavior becomes particularly important at the present stage. Meanwhile, the service firms are concerned about the possible influence of customer participation (CP) on employee behaviors (Li & Hsu, 2017).

In the service sector (eg. tourism), the feedback generated from the customer interactivity help firms create knowledge value through customer participation (Mustak, Jaakkola and Aino, 2013; Kumar et al., 2010) and simultaneous production and consumption. Intangibility is derived from being unable to see or touch a service. It is generated and distributed on-the-spot and cannot therefore be calculated as easily as a tangible product. In service businesses, customer participation is critical to value development (Shaw, Bailey, & Williams, 2011). It may become as a means for service quality and contentment of customers (Grissemann & Stokburger-Sauer, 2012; Namasivayam & Guchait, 2013). Therefore, there is a need to establish an environment in which customers are encouraged to engage in service developments (Chathoth et al., 2013; Grissemann & Stokburger - Sauer, 2012). The employees of service organizations are mostly influenced by the customers since, they are the characters who make services tangible (Kusluvan, Kusluvan, Ilhan & Buyrukk, 2010).

The tourism sector plays a vital role as a division of the service segment in an economic and social phenomenon that has experienced constant improvement and extending divergence over several years. In many parts of the sphere governments and businesses recognized, tourism as a vibrant, even essential cause for income generation and is one of the fastest growing economic sectors in the world. In 2018, Travel & Tourism directly account for 10.4% of global GDP and 319 million jobs, or 10% of total employment (WTTC, 2019). Tourism is faced with advances in new technologies and is rejuvenated by structural and organizational innovations (Gössling, 2021; Stamboulis & Skayannis, 2003 ). Tourism organizations derive competitive advantages from their innovation and cost advantages and higher quality offerings that meet potential customers' expectations ((Ali and Andrew. 2014; Sundbo et al., 2007; Nijssen et al., 2006 ). There is a growing international competition in the tourism sector, not only between destinations but also between

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companies within destinations (Napierała and Birdir, 2020). The hotels which are innovative outperform their non-innovative competitors owing to their ability of providing segregated products and services.

The tourism sector has become an increasingly important industry not only to developed nations but also to many developing countries as a source of revenue as well as a source of employment. Developing countries can generate a large amount of foreign currency through the tourism that could support to convalesce their sustainable growth and development (Ekanayake & Long, 2012).

Sri Lanka as a developing country is not an exclusion for the development of tourism which has emerged as one of Sri Lanka's fastest-growing economic sectors. The travel and tourism sector of the Sri Lankan Economy is positioned as the third largest foreign exchange earner. International tourists are highly attracted towards the small nation where they have more places to get pleasure from, which may come from natural or built beauty, contributing to entertainment and enjoyment. Sri Lanka is regarded as a tourist destination not only for the international tourist but also for expatriates who come again to their residents to consort with their relatives and friends. In 2013, Lonely Planet nominated Sri Lanka as the premiere destination in the world to visit. The small island Sri Lanka is ranked among the “top ten coolest countries” to visit by Forbes Magazine in 2015. Global influencers such as Conde Nast Traveller, Rough Guides, Lonely Planet, The Guardian and the New York Times also identified Sri Lanka as a top location to visit in 2016 (Ministry of Development Strategies and International Trade, 2018). The azure beaches, sightseeing, and authentic food and culture of Sri Lanka make it a wonderful vacation destination.

Sri Lanka Tourism Development Authority data reveals that in 2021 the arrival of holidaymakers from abroad was widened compared to the second, third and fourth quarters of 2020 and it reached a total of 194,495 tourists in December, 2021 (Monthly Tourist Arrivals Reports, 2021). The overall annual room occupancy rate recorded for all accommodation in 2021 was 14.96 which reduced from 72.77 percent which is recorded in 2018 due to the pandemic condition in the country. The highest occupancy rate was recorded in the month of December, 2018 (76.66%) and the lowest in the month of May, 2018 (66.79%). Normally it is believed that January to March and the month of December are marked as a peak season while May and June are lean months. During the period January to March the occupancy rate is believed to be high in hotels. Thus, the variation in occupancy rates between the busiest and the least busy months. Region-wise, Colombo City recorded the highest occupancy rate of 79.19 percent. Greater Colombo recorded an occupancy rate of 75.41 percent, followed by South Coast (73.10%) Hill Country (71.67%), Ancient Cities (71.37%) East Coast (71.35%), and Northern Region (68.48%) (Sri Lanka Tourism Development Authority, 2018). In this study, the researcher considered most of the data set for the period of 2018, because, from 2019 onwards, due to unexpected environmental conditions, several changes had occurred. However, the normal tendency is which exists before the pandemic which is believed to be applicable for the future period.

The primary issue in the Sri Lanka hospitality industry was to provide travelers with food and lodging, hence hospitality focused on the daily job in hotels to meet and satisfy the requirements of travelers for accommodation and food. However, at present most of the firms related with the hospitality sector have more interest in promoting employee innovation believing it will support for augmented services in its operations in customer perspective (Orfila-Sintes & Mattsson, 2009), promote in holding strong customer base, and hotels' financial performance (Grisseemann, Plank, & Brunner-Sperdin, 2013) enhancement in service quality and customer satisfaction (Pivcevic & Petric, 2011). Three clusters are identified with regard to innovation in the hotel industry, they are: innovation regarding the hotel type which talks about "boutique" hotels, innovation considering service design including allowing flexible check-in and check-out for guests, personalizing room decor or child care options and at last innovation involving technology exploitation to exaggerate guests' manifestations (Victorino et al., 2005).

Ottenbacher (2007) cited findings of Griffin (1997) stating that 4 of 10 innovations fail in the marketplace. Similarly, Ottenbacher (2007) cited Kotler et al. (2006) stating that in the hospitality industry, the failure rate is greater because of many fresh hotel and restaurant ideas that fail every year. The high failure rates in innovation may be associated with employees' limited knowledge of how to achieve success with innovations in hospitality (Ottenbacher, 2007). Anyhow employees must develop new innovative services, at the same time the employees' knowledge of how to create successful innovation is limited. The organization can improve employee knowledge by using customer participation in the service cycle to generate effective innovation. Chen, Tsou & Ching (2011) also evidenced that customer participation has influence on employee innovation as a characteristic of service. It blurs the boundary between customers and employees (Duverger, 2011). The role of customers as service innovators and the employees' innovations in services has been examined by many researchers (Baldwin and von Hippel, 2011; Yuan and woodman, 2010).

In the Sri Lankan context there is a dearth of studies that have concentrated on customer participation in promoting employee innovative behavior, especially in the tourism and hotel industry. In practical terms, the current status of innovation in Sri Lanka is generally considered weak even by a developing country's standards that shows a rank of 85th among 132 economies. This position is lower than both 2020, 2019 and 2018 (World Intellectual Property Organization ,2021) However, Vasanthapriyan (2019) has investigated employee innovative behavior in Sri Lankan software companies. Sri Lanka is a well known destination for its tourist spots. But the researchers find difficulty in finding supportive evidences in the tourism and hospitality sector. Hence there is a need to investigate the effect of customer participation on employee innovative behavior on the hospitality services. Thus, to fill this research gap this study investigates the effect of customer participation on employee innovative behavior with the mediating role of interpersonal trust.

## LITERATURE REVIEW

### Employee Innovative Behavior (EIB)

The range of innovation is quite broad, ranging from small changes that simply alter or enhance daily job procedures to influential fresh concepts and procedures that could have an impact on theories, procedures, or products across the entire organization (Janssen, 2003). Innovative behavior in a general way is characterized as an “intentional generation, promotion, and realization of new ideas within a work role, workgroup, or organization” (Janssen & Van Yperen, 2004).

Jayawardena (2019) identified most popular statements and keywords related to innovation and he made a definition that “Innovation is the art of efficient and practical implementation of new, creative and “outside the box” ideas, sustainable solutions for challenges to improve processes, products and services with input and support from organizations’ teams; with an overarching focus to enhance competitive advantages, value, customer satisfaction, organizational productivity, revenues and profitability”.

EIB is generally recognized as a multi-stage process involving a set of behaviors (Janssen, 2005). Those categories include the development of ideas, as well as the support of others and the realization and implementation of thoughts and ideas (Janssen, 2000; Kim & Lee, 2013). Employee innovation behavior is a foundation for organizational innovation, which is vital to the progress of hotels, their quality of services, which leads to the customer satisfaction with regard to the product or service offered by the organization (Janssen et al., 2004; Campo et al., 2014; Li and Hsu, 2016; Xu and Wang, 2020). Due to the intangibility, inseparability, and customer participation involved in service provisions, employee innovation for service sector, has different features to employee innovation in the manufacturing sector (Martín-Rios and Ciobanu, 2019). Most researchers’ view is that creativity is reflected in the initial stage of EIB. It is an expression of the worker's inherent creativity. (Janssen, Van de Vliert, & West, 2004; Zhou & George, 2001). Creativity and innovations in employee behavior are interchangeable.

### Customer Participation (CP)

It closely parallels the concepts of customer contact and customer engagement and participation. However, these ideas are different. Customer contact is characterized as the degree of customer contact in service development and describes the interaction or exchange of information amongst customers and employees (Foster, Sampson, & Dunn, 2000). Customer engagement is the result of a variety of behaviors, whereas customer engagement defines compulsive behavior resulting from the similarity in service delivery and use (Bowden, 2009; Lloyd, 2003). But customer participation is defined by Chan, Yim, & Lam, (2010) as a behavioral construct that measures the extent to which customers provide or share information, make suggestions, and become involved in decision-making during the service co-creation and delivery process. Furthermore, Yi & Gong (2013) also stated that firms require to induce CP in order to deliver effective services to their stakeholders.

As for the dimensions of customer participation, Silpakit & Fisk, (1985) thought customer participation had three elements: mental, physical and emotional effort and involvement. In a similar manner, Chen & Raab (2017) and Li & Hsu (2017) classified the customer participation in three kinds, such as, emotional, behavioral and information participations. These three elements may relate to the generation or execution of employees' ideas (Hu, Horng, & Sun, 2009; Ottenbacher, Shaw, & Lockwood, 2006). It could be beneficial for the organization to manage the employees' inner activities.

### **Interpersonal Trust (IT)**

The bond and the interaction between customers and employees heightened through the trust developed between them (Paille, Grima, & Dufour, 2015). McAllister (1995) characterized the term interpersonal-trust as "The extent to which a person is confident in, and willing to act on the basis of, the words, actions, and decisions of another". Paille et al., (2015) stated that people's belief in an individual or a collection of individuals is a complex process that happens in different phases of a relationship. The trust between the creators of the service is created due to the ongoing interaction between employees and customers over time.

Calculus-based trust happens at the beginning stage (Lewicki, Tomlinson, & Gillespie, 2006). As the bond between the parties grows, calculus-based trust is gently substituted by knowledge-based trust, which is governed by the knowledge obtained from previous relationships about each other. This information allows the trustor to recognize and predict the activities of the trustee in the future (Paille et al., 2015). Further transactions also lead to the trust based on identification, where the interests of the trustor are considered without possible restriction or supervision by the trustee (Schoenherr, Narayanan, & Narasimhan, 2015). Usually, the trust of the customer in an organization has both a cognitive and affective element (Chang & Chen, 2008) which is considered as dimensions for this study.

### **Customer Participation and Employee Innovative Behavior**

Employees are encouraged to construct novel ideas based on the customer participation in their service provisions. To start with, CP in services can expand the chance of making thoughts that can be changed into EIB (Scott & Bruce, 1994). Second, CP can rouse the innovative thinking of employees by facilitating their exploration of chances. In a firm, different factors influence innovation of employees by influencing their apparent advantages and expenses (Hon, 2012; Lin & Liu, 2012). Bysted (2013) stated that contextual factors can affect the EIB; and customers are one of the important source of these factors. Promoting customers' participation is a common way of influencing the EIB, involving both the generation and implementation of ideas (Li & Hsu, 2016; Yi, Natarajan, & Gong 2011).

Customer participation permits employees to comprehend the interior necessities of customers because of the regular setting of the service business (Campos, Mendes, Oom do Valle, & Scott, 2015). Past studies propose that CP can offer freedoms for employees to produce ideas and foster their behaviors of realization of ideas (Li &

Hsu, 2016). In particular, for the realization of services CP has a positive impact on the quality of new services and the success of innovation (Ottenbacher et al., 2006). Moreover based on a survey information from 514 restaurant representatives, Li and Hsu (2016) also unambiguously revealed that customer information and emotional participation has a significant positive influence on EIB. Therefore, the current study presents the following hypothesis:

H<sub>1</sub>. There is a significant positive effect of CP on EIB.

### **Customer Participation and Employee Innovative Behavior mediated by Interpersonal Trust**

At the point when customers play a part effectively in the services, motivated by expected advantages, massive emotional interactions with employees normally occur, resulting in improved relations amongst both parties. (Castellanos-Verdugo et al., 2009). However, it is believed that the high level of CP encourages the information or idea followed by high level of interpersonal trust. When merchants offer products or services that match with the customer expectation it would definitely enhance the trust among the customers towards the related product and the organization (Shinn & Puth, 2011). Pirzad & Kami (2015) also confirmed that there is an affirmative relationship that exists between the CP and the trust because of the scoring level of perceived value. With the dimensions of customer participation such as emotional participation, behavioral participation and information participation, and interpersonal trust have been positively related based on its dimensions such as affective trust and cognitive trust (Li & Hsu, 2018).

Hon and Lu, (2010) and Paille et al., (2015) revealed work efficiency, work fulfillment, and information diffusion as being highly influenced by affective and cognitive trust in the work environment. Information diffusion is a basic variable in innovation, aids interpersonal trust and subsequently it helps with the practical application of knowledge acquired from others and lowers the expenditure on knowledge transfer. (Hu, Horng, and Sun, 2009). Besides, interpersonal trust works with advancement by expanding the possibilities that novel thoughts can be perceived and acknowledged by others (Kim & Lee, 2013). On the same basis, trust in customers and the creativity are positively related (Madjar & Ortiz-Walters, 2009). From the findings of Bysted (2013) innovation trust and work innovative behaviors are positively related. Johnson and Grayson (2005) have disclosed that cognitive and affective trust has positive effect on notoriety of the service providers. Clegg, Unsworth, Epitropaki, & Parker (2002) also evidenced that in various forms, that trust is positively related to the implementation of ideas in an organization. This implementation of ideas is included as a stage in employee innovative behavior by many scholars. In addition Li and Hsu (2018) concluded that interpersonal trust in the form of affective trust and cognitive trust both are positively related to the EIB.

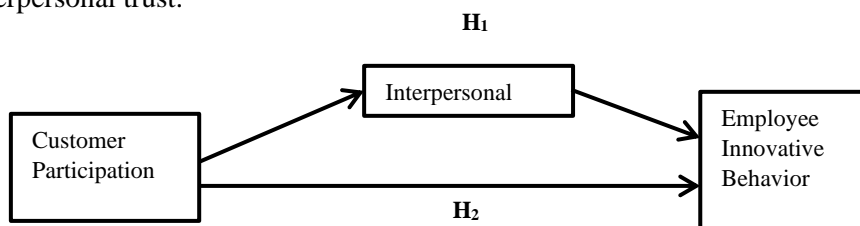
CP expands individual interaction among customers and employees, thus facilitating the building of interpersonal trust between the two parties (Chathoth et al., 2013). The service excellence of an organization could be envisioned as a result of interpersonal trust developed with the interaction between customers and the employees. Both

sides, i.e the employees and customers are performing their transaction activities in accordance with the advantages and expenses they are able to bear (Li & Chang, 2016). At the point when customers effectively partake in services, employees can get extra information and further develop relations with customers (Castellanos-Verdugo et al., 2009). Hence, interpersonal trust is acquired through proceeding with collaborations among customers and employees (Johnson & Grayson, 2005). Li and Hsu (2018) evidenced that interpersonal trust has a mediation effect on customer participation and employee innovative behavior. Therefore the current study presents the following hypothesis:

H2. There is a significant mediating impact of IT on the relationship between CP and EIB

### Conceptual Model

Based on the existing literature review the following conceptual framework was developed. In this study employee innovative behavior in hotel services in Sri Lanka is examined with the independent variable being customer participation and mediating by interpersonal trust.



**Figure 1: Conceptual Model**

(Source: Modified framework of Li & Hsu, 2018)

### METHODOLOGY

The objective of this study is to identify the role of customer participation and interpersonal trust in promoting innovative behaviour of employees in hospitality services. The study focused on both employees and customers responses. The known population by the researcher is considered as all the front-line employees in the hospitality services who are selected from three-star hotels to five-star hotels in the Nuwara Eliya division of Sri Lanka which contains 217 employees from 22 selected star hotels. At the same time, the unknown population by the researcher includes all the customers who are visiting the selected 22 hotels from three-star to five-star hotels. The researcher used the same questionnaires to collect data from both customers and employees which measures all three variables from both target groups.

The measurement scale of the study includes 44 questions for three variables which are customer participation, employee innovative behavior and interpersonal trust.



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Customer participation has three dimensions such as emotional participation, behavioral participation and information participation. The questions for the dimensions are obtained from Li and Hsu (2016) and were conducted among frontline employees and entry level managers of hotel restaurants and freestanding restaurants with the Cronbach’s alpha value for emotional participation  $\alpha = 0.90$ , for behavioral participation  $\alpha = 0.77$  and for information participation  $\alpha = 0.82$ . Employee innovative behavior scale was obtained from Janssen (2000) which was conducted among non-managerial employees from a Dutch industrial organization in the food sector which has value of alpha,  $\alpha = 0.95$  from employee self-rated and  $\alpha = 0.96$  from leader rated scores. Interpersonal trust has two dimensions such as affective trust and cognitive trust. The study utilized the scale of McAllister (1995) which was conducted among design engineers from two large aerospace with the reliability estimates (Cronbach's alphas) of cognitive and affective trust measures 0.91 and 0.89, respectively.

**Measures**

This study used a questionnaire which includes 44 questions for the variables. Questions for customer participation were obtained from Li and Hsu (2016), employee innovative behavior questions were from Janssen (2000) and for interpersonal trust from McAllister (1995). Customer participation and employee innovative behavior were measured with seven-point Likert scale where 1 = never to 7 = almost always. Interpersonal trust was measured with seven-point Likert scale where 1 = strongly disagree to 7 = strongly agree.

The validity and reliability of the data set were tested before further analysis of data to establish the accuracy and acceptability of the items included in the questionnaire. The respective Cronbach’s coefficient alpha values met the standard value of 0.7 to satisfy the internal consistency, (Malhotra and Dash, 2010). Convergent validity is satisfied since the respective composite reliability values are above the standard value of 0.7 and the average variance extracted values are above 0.5 (Malhotra and Dash, 2010). Discriminant validity was tested following the Fornell and Lacker Criterion (1981). It satisfies the condition that says the square root of the AVE of the respective construct is greater than the correlation of the construct with all other constructs. Table 1 shows the reliability of the instrument which is measured by using Cronbach’s Alpha Coefficient (CAC) analysis. According to that, all the items are reliable from the responses of the customers as well as employees.

**Table 1: Reliability Analysis for Overall Variables**

Variables	Cronbach’s Alpha value		
	Customers	Employees	Items
Customer Participation	0.821	0.885	17
Employee Innovative Behavior	0.794	0.874	11
Interpersonal Trust	0.876	0.903	16

(Source: Survey Data)

**RESULTS AND DISCUSSION**

**Descriptive Statistics**

In Table 2 the mean score and the standard deviation of the variables are shown. Customer participation, employee innovative behavior and interpersonal trust have high level according to the high level criteria which fall between 68-119, 44-77 and 64-112.

**Table 2: Descriptive Statistics for Study Variables**

Variables	Customers		Employees	
	Mean	SD	Mean	SD
Customer Participation	91.22	8.68	81.07	10.20
EIB	54.62	6.12	53.60	6.85
Interpersonal Trust	81.37	9.56	75.98	10.77

(Source: Survey Data)

**Correlation Analysis among the Customer Participation, Employee Innovative Behavior and Interpersonal Trust**

When we go through the results shown in below Table 3, the correlations between the variables are statistically significant where the p-values are less than 0.05. Customer participation has a strong positive relationship with the employee innovative behavior at  $r = 0.673$  based on the customer response and also, it has a strong positive relationship at  $r = 0.672$  based on the response of employees. So, the relationships from both responses are statistically significant at 95% confidence level.

Between the customer participation and interpersonal trust, there is a strong positive relationship of  $r = 0.662$  from the response of customers and also same variables has strong positive relationship of  $r = 0.707$  from the response of employees. So, those relationships were statistically significant at 5% confidence interval.

**Table 3: Correlation Analysis among the CP, EIB and IT**

Variables		CP	EIB	IT
Customers	CP	Pearson Correlation Sig.(2-tailed)	1	
	EIB	Pearson Correlation Sig.(2-tailed)	.673**	1
	IT	Pearson Correlation Sig.(2-tailed)	.662**	.670**
Employees	CP	Pearson Correlation Sig.(2-tailed)	.000	.000
	EIB	Pearson Correlation	.672**	1

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	Sig.(2-tailed)	.000		
IT	Pearson	.707**	.674**	1
	Correlation			
	Sig.(2-tailed)	.000	.000	

\*\* . Correlation is significant at the 0.01 level (2-tailed)

(Source: Survey Data)

Employee innovative behavior has strong positive relationship with interpersonal trust at  $r = 0.670$  based on the customer response. And also it has strong positive relationship at  $r = 0.674$  based on the employee response. So, the relationships were statistically significant at 95% confidence interval.

#### Four Step Approach of Mediation Analysis

In order to analysis the mediation, the researcher has followed Baron Kenny’s (1986) four step approach which include several regression analysis among the study variables to see whether interpersonal trust intercedes the relationship between customer participation and employee innovative behavior in hospitality services.

According to the Table 4, the model summary of simple regression shows the customers and employee’s response from that R is 0.673 and 0.672 respectively. From customers response R square is 0.453 and from employee response R square is 0.452. Therefore it can be concluded that there was 45.3% variability in employee innovative behavior in hospitality services which was explained by customer participation from the customer perspective and also 45.2% variability in employee innovative behavior was explained by customer participation from the employee perspective.

Step – 1 Simple Regression of Customer Participation and Employee Innovative Behavior

**Table 4: Model Summary for CP and EIB**

Model	Customers	Employees
R	.673 <sup>a</sup>	.672 <sup>a</sup>
R Square	.453	.452
Adjusted R Square	.451	.449
Std. Error of the Estimate	4.53409	5.08222

a. Predictors: (Constant), Customer participation

(Source: Survey Data)

Table 5 shows  $\beta$  coefficient for customer participation is 0.474 and 0.451 from the response of customers and employees respectively. The  $\beta$  coefficient value shows that for every one percent increase in customer participation there is an increase in the employee innovative behavior by 0.474 percent from customer perspective and every one percent increase in customer participation direct for an increase in the EIB by 0.451 percent from employee perspective. The p-value obtained is less than 0.000 at 95% confidence level. It indicates that the importance of customer feedback in terms of making judgments was statistically significant. Thus, it can be concluded that customer participation has positive effect on employee innovative behavior.

**Table 5: Coefficient for CP and EIB**

Model		Unstandardized		Standard	T	Sig
		Coefficients				
		B	Std. Error	Beta		
Customers	Constant	11.333	3.454		3.281	.001
	CP	.474	.038	.673	12.587	.000
Employees	Constant	17.006	2.900		5.863	.000
	CP	.451	.036	.672	12.714	.000

a. Dependent variable: Employee Innovative Behavior  
(Source: Survey Data)

Step - 2 Simple Regression of Customer Participation and Interpersonal Trust

**Table 6: Model Summary for CP and IT**

Model	Customers	Employees
R	.662 <sup>a</sup>	.707 <sup>a</sup>
R Square	.438	.500
Adjusted R Square	.435	.497
Std. Error of the Estimate	7.18818	7.63665

a. Predictors: (Constant), Customer participation  
(Source: Survey Data)

According to the Table 6, from customers response R square is 0.438 and from employee response R square is 0.5. Therefore it can be concluded that there was 43.8% variability in interpersonal trust in hospitality services which was explained by customer participation from the customer perspective and also 45.2% variability in interpersonal trust was explained by customer participation from the employee perspective.

**Table 7: Coefficient for CP and IT**

Model		Unstandardized		Standard	T	Sig
		Coefficients				
		B	Std. Error	Beta		
Customers	Constant	14.895	5.476		2.720	.007
	CP	.729	.060	.662	12.193	.000
Employees	Constant	15.448	4.358		3.545	.000
	CP	.747	.058	.707	13.999	.000

a. Dependent variable: Interpersonal Trust  
(Source: Survey Data)

According to the Table 7, the  $\beta$  coefficient for customer participation is 0.729 and 0.747 from the response of customers and employees respectively. The  $\beta$  coefficient value exhibits that for every one percent increase in customer participation there is an increase in the interpersonal trust by 0.729 percent from customer perspective and every one percent increase in customer participation foster the interpersonal trust by 0.747 percent from employee perspective. The p-value (0.000) is less compared to chosen alpha level (0.05). It explains that the  $\beta$  value for customer participation was

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statistically significant to make decisions. Thus, it concluded that customer participation have positive effect on interpersonal trust.

Step – 3 Simple Regression of Interpersonal Trust on Employee Innovative Behavior From customers response R square is 0.449 and from employee response R square is 0.418 as shown in Table 8. Therefore, it can be concluded that there was 44.9% variability in employee innovative behavior in hospitality services which was explained by interpersonal trust from the customer perspective and also 41.8% variability in employee innovative behavior which was explained by interpersonal trust from the employee perspective.

**Table 8: Model Summary for IT and EIB**

Model	Customers	Employees
R	.670 <sup>a</sup>	.647 <sup>a</sup>
R Square	.449	.418
Adjusted R Square	.446	.415
Std. Error of the Estimate	4.55363	5.23588

a. Predictors: (Constant), Interpersonal Trust  
(Source: Survey Data)

**Table 9: Coefficient for IT and EIB**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig
		B	Std. Error			
Customers	Constant	19.747	2.816		7.013	.000
	IT	.429	.034	.670	12.468	.000
Employees	Constant	22.354	2.658		8.411	.000
	IT	.411	.035	.647	11.873	.000

a. Dependent variable: Employee Innovative Behavior  
(Source: Survey Data)

According to the Table 9 the  $\beta$  coefficient for customer participation is 0.429 and 0.411 from the response of customers and employees respectively. The value of  $\beta$  coefficient shows that for every one percent increase in interpersonal trust will direct an increase in the employee innovative behavior by 0.429 percent from customer perspective and every one percent increase in interpersonal trust take an advantage via the increase in the employee innovative behavior by 0.411 percent from employee perspective. The p-value (0.000) is less compared to chosen alpha level (0.05). It indicates that the value of interpersonal trust was statistically significant for making decisions. Thus, it concluded that interpersonal trust has positive effect on employee innovative behavior.

Step – 4 Multiple Regression of Customer Participation and Interpersonal Trust on Employee Innovative Behavior

From customers response R square is 0.543 and from employee response R square is 0.511 were shown in Table 10. Therefore it can be concluded that there is 54.3%

variability in employee innovative behavior in hospitality services was explained by customer participation and interpersonal trust jointly from the customer perspective and also 51.1% variability in employee innovative behavior was explained by customer participation and interpersonal trust jointly from the employee perspective.

**Table 10: Model Summary for CP, IT and EIB**

Model	Customers	Employees
R	.737 <sup>a</sup>	.715 <sup>a</sup>
R Square	.543	.511
Adjusted R Square	.538	.506
Std. Error of the Estimate	4.15712	4.81429

a. Predictors: (Constant), Customer Participation, Interpersonal Trust  
(Source: Survey Data)

According to the Table 11, the  $\beta$  coefficient of 0.255 shows that for every one percent increase in interpersonal trust there will be an increase in the EIB by 0.255 percent and also  $\beta$  coefficient of 0.288 shows that every one percent increase in the customer participation direct for an increase in the EIB by 0.288 percent from customer perspective and the  $\beta$  coefficient of 0.218 and 0.289 shows every one percent increase in interpersonal trust will lead an increase in the EIB by 0.218 percent and also every one percent increase in customer participation will lead to an increase in the EIB by 0.289 percent from employee perspective.

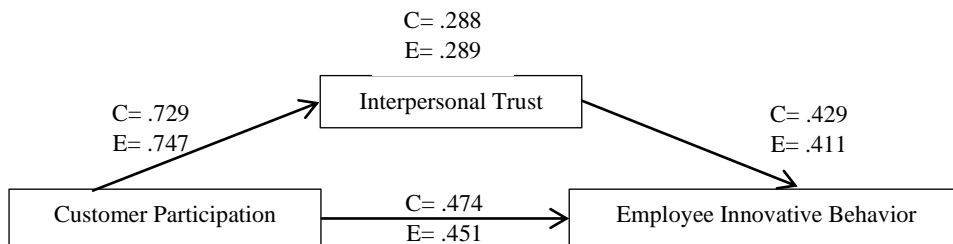
The p-value (0.000) is lesser compared to chosen alpha level (0.05). It explains that the  $\beta$  value for customer participation and interpersonal trust was statistically significant to make decisions. Thus, it concluded that customer participation and interpersonal trust have positive effect on EIB.

**Table 11: Coefficient for CP, IT and EIB**

Model		Unstandardized		Standardized	T	Sig
		Coefficients		Coefficients		
		B	Std. Error	Beta		
Customers	Constant	7.531	3.228		2.333	.021
	CP	.288	.046	.409	6.259	.000
	IT	.255	.042	.399	6.100	.000
Employees	Constant	13.639	2.834		4.812	.000
	CP	.289	.048	.430	6.069	.000
	IT	.218	.045	.343	4.840	.000

a. Dependent variable: EIB  
(Source: Survey Data)

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**Figure 2: Results for the Mediation**

Where, C = Coefficient based on customers response

E = Coefficients based on employees response

From the analysis of the mediation effect using multiple regressions researcher identified the coefficients of the variables. The mediation effect was found using Baron Kenny's (1986) four-step mediation model. In the model I explain the effect of customer participation on employee innovative behavior. It provided sufficient evidence that customer participation has an effect on employee innovative behavior. Numerically, 47.4% of the variability in employee innovative behavior in hospitality services was explained by customer participation according to the customer responses and also from employee responses similar result was obtained which is 45.1% of the variability in employee innovative behavior in hospitality services was explained by customer participation

The model II summarized the effect of customer participation on interpersonal trust. The findings provided sufficient evidences that customer participation effect the variations of interpersonal trust. It could be concluded that 43.8% (from customers) and 50% (from employees) of variability in interpersonal trust is explained by customer participation. And, it further indicated that for every percent of increase in customer participation, there is an increase of interpersonal trust in 0.729 (from customers) and 0.747 (from employees) percent individually.

And the model III indicated the effect of interpersonal trust on employee innovative behavior. As per the results, the model ideated that interpersonal trust has an effect on employee innovative behavior individually. In numerically, 42.9% (from customers) and 41.1% (from employees) of variability in employee innovative behavior was explained by interpersonal trust. It explained that every percent of increasing in interpersonal trust, there is an increase of employee innovative behavior in 0.429 percent (from customers) and 0.411percent (from employees) individually.

Finally, the model IV indicated the effect of customer participation and interpersonal trust on employee innovative behavior. As per the results, the model ideated that customer participation and interpersonal trust jointly have effect on the variation of employee innovative behavior. In numerically, 54.3% (from customers) and 51.1% (from employees) of variability in employee innovative behavior was explained by both customer participation and interpersonal trust or otherwise 45.7 percent (from customers) and 48.9 percent of variability in employee innovative behavior explained by other factors rather than interpersonal trust and customer participation.

From these models, researchers found that interpersonal trust plays partial mediating role between customer participation and employee innovative behavior with the significance of both direct and indirect effects. The initial regression which shows the relationship between customer participation and employee innovative behavior has higher coefficient value than the final regression which is showing the relationship between customer participation, interpersonal trust and employee innovative behavior. Both the coefficients from the customer and employee responses have higher values. So, the researcher concluded that interpersonal trust is partially mediating the relationship between customer participation and employee innovative behavior because the value is reduced when incorporating interpersonal trust as a mediating variable.

## **DISCUSSIONS**

This study investigated how the customers' participation promotes employees' innovative behaviour among the employees in the hospitality sector; further, the mediating role of interpersonal trust between customers and employees was explored in the selected sector. In the present highly dynamic business milieu development of trust among clients and employees are compulsory, especially to the service sector the requirement is highly significant. Based on the analysis it concluded that the customer participation has significant and positive effect on EIB. The interpersonal trust which is developed between employees and customers may boost the innovative capacity of the employees compared to the trust they develop with their co-workers. The same kind of results has been confirmed by Carmeli and Spreitzer (2009). Hence it is believed that the trust developed by employees with their customers is highly important since it enhances the innovative ability of the employees. Li and Hsu (2016) also found that customer participation has a significant effect on EIB. Further, it is proved with the study of Koziol et al., (2015) that employee relationships with customers are important and an important source of knowledge to the innovation process. Hence, the current study findings have important implications for the hotel and tourism sector where the researcher concluded that customer participation has a strong positive effect on interpersonal trust, and interpersonal trust has a strong positive effect on EIB. In addition, it concluded that interpersonal trust mediates the relationship between customer participation and EIB.

## **THEORETICAL IMPLICATIONS**

This study contributed to the hospitality industry on innovative ideas which makes customer participation as a tool for their novelty in the Sri Lankan context. Theoretically it explains about trust between customers and employees which give innovative solutions for service sectors. And also it gives information regarding different type of participation with affective and cognitive trust that is useful for the employee innovative behavior and mainly for the literature of innovativeness.



## **PRACTICAL IMPLICATIONS**

According to the study, it finds that there is a significant effect of both customer participation and interpersonal trust (jointly and individually) on EIB in hospitality services. Therefore, maintaining a high level of customer participation and interpersonal trust is an advantage to raise the innovative behaviors of the employees. According to the findings, all the relationships are significantly positive relationships. Consequently, when the organization intends to do a small change in the system it will cause a huge response. Customer's understandability according to the employee's problem is having lower value based on the result. So, service firm can engage customer in services and are able to strengthen the relationship between them. For an example, an organization can arrange table setting and tea making or other fast foods and, by allowing the customers to judge them, it allows to strengthen the customer-employee interaction. Further based on the findings researcher identified that in hospitality services employees are thinking they can and are able to create new ideas but they forgot to find out whether that idea is really seen as a creative one from the side of customers. And also when the front-line employees are having some ideas the middle and top level management should listen to them even though they cannot and are not ready to implement the ideas. For an example arranging interactive sessions with the frontline employees and allowing them to talk.

And a problem which has been identified by the study is the unwillingness to share hope with the employees. So, the service firm can have more desirable and designed causal environment for the customers to share their hopes. In the organization they can use voice recording facilities to get the thoughts of the customers; and it is convenient to the customers who keep moving fast.

Further management wants to decide proper training methods to get the knowledge from the interaction of the customers to the creation of new ideas. However, management can use the job problems which are already experienced and can modify them. For example firm can use high group diversity to moderate the relationship and satisfy the group process with the knowledge, skills and abilities. Normally, in hospitality services employees are busy with daily jobs. Because of that they can use different ways to monitor the service experience in hotels such as focus group, interview with customers and mystery shops.

## **LIMITATIONS AND FUTURE RESEARCH DIRECTIONS**

Further, a study can be carried out as a longitudinal study, in which the use of customer participation, employee innovative behavior and interpersonal trust measures are collected at different moments in time,. And the study can be carried out in more service sectors in Sri Lanka in the same context beyond the hospitality industry and this can further validate the findings of the study. The results of the study can be enhanced, while considering both the quantitative and qualitative data to enhance this framework. There are few empirical studies and research work on this topic in the Sri Lankan context and other related topics. Therefore, in future it can be applicable with employee engagement and empowerment in employee innovativeness.

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## COMPETING INTERESTS

The authors declared no competing interests.

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**APPENDIX:  
Operationalization**

Operationalization is a considerable aspect of quantitative research and normally denoted to as the process of defining how to quantify a phenomenon or concept which itself is not directly computable (Emmerich et al., 2016). Operationalization is the process of changing a theoretical construct into a concept that can be seen in the empirical reality (Jonker & Pennink, 2010).

**Table 3.1: Summary of Operationalization**

Concepts	Dimensions	Indicators	Scale of Measure	Que s. No.	Source
CUSTOMER	EMOTION	Smile		01	

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		Words of kindness	Seven-point Likert scale	02	Li & Hsu, (2017)
		Courteous		03	
		Cooperative		04	
		Friendly		05	
		Respect policies		06	
		Willingness to wait		07	
		Understandable		08	
	Behavioral participation	Diagnose	09		
		Resolve	10		
		Do things	11		
		Save employee time	12		
		Learn	13		
	Informational participation	Ask employee name	14		
		Clear explanation	15		
		Provide information	16		
		Answerable	17		
	Employee innovative behavior		Create new ideas	Seven-point Likert scale	
Working methods			19		
Techniques			20		
Instruments			21		
Mobilize support			22		
Original solutions			23		
Acquire approval			24		
Enthusiastic			25		
Transform ideas			26		
Systematic way			27		

		Evaluate utility		28	
Interpersonal trust	Affective trust	Share ideas	Seven-point Likert scale	29	McAllister, (1995)
		Share feelings		30	
		Share hopes		31	
		Talk freely		32	
		Listen difficulties		33	
		Sense of loss		34	
		Care		35	
		Emotional investment		36	
	Cognitive trust	Professionalism		37	
		Dedication		38	
		Competence		39	
		Preparation		40	
		Rely on employees		41	
		Trust		42	
		Respect		43	
Monitor	44				