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Fierro Moreno, Erendira; Ovando Aldana Aldana, Wendy  
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## **AS INSTITUIÇÕES INFORMAIS E A PARTILHA DO CONHECIMENTO: O EFEITO MEDIADOR DA IDENTIDADE SOCIAL EA CONFIANÇA ORGANIZACIONAL**

### **RESUMO**

O objetivo deste artigo científico é determinar em que medida a identidade social e a confiança organizacional medeiam a relação entre as instituições informais e o intercâmbio de conhecimento. Com base na revisão da literatura e contando com a perspectiva teórica do neo-institucionalismo sociológico e a teoria de recursos e capacidades a hipótese de pesquisa foi formulada. Através de um estudo com organizações do setor transeccional e público através de estudo de percepção de 252 servidores públicos a hipótese foi testada. Realizou-se análise multivariante. Os resultados confirmam a importância das instituições informais que legitimam o desempenho das organizações mas não garantem sua eficiência real. Não obstante, a investigação mostra que mediante o gerenciamento interviniente de recursos valiosos (identidade social e confiança organizacional) se ajuda a explodir as oportunidades e a neutralizar as ameaças do ambiente se gerando novas capacidades: o intercâmbio de conhecimento.

**Palavras-chave:** Instituições informais, Conhecimento, Identidade social, Confiança Organizacional, emergentes, Economias Emergentes.

## **THE INFORMAL INSTITUTIONS AND THE KNOWLEDGE SHARING: THE MEDIATING EFFECT OF THE SOCIAL IDENTITY AND THE ORGANIZATIONAL TRUST**

### **ABSTRACT**

The aim of this scientific paper is to determine the extent to which social identity and organizational trust mediate the relationship between the informal institutions and the knowledge sharing. Based on a review of literature and relying on the theoretical perspective of sociological neo-institutionalism and on the resource based-view, the research hypothesis was formulated. Using a cross-sectional and with Mexican public sector organizations and through the perceptions of 252 public servants the hypothesis was tested. Multivariate analysis (SEM) was performed. The results confirm that the informal institutions legitimize the performance of organizations but do not guarantee its real efficiency. However, research shows that intervening valuable resources management (social identity and organizational trust) helps to take advantage of opportunities and neutralize threats from the environment generating new capabilities: the knowledge sharing.

**Keywords:** Informal Institutions, Knowledge, Social identity, Organizational Trust, Emerging Economies.

## LAS INSTITUCIONES INFORMALES Y EL INTERCAMBIO DEL CONOCIMIENTO: EL EFECTO MEDIADOR DE LA IDENTIDAD SOCIAL Y LA CONFIANZA EN LA ORGANIZACIÓN

### RESUMEN

El objetivo de este artículo científico es determinar en qué medida la identidad social y la confianza organizacional median la relación entre las instituciones informales y el intercambio de conocimiento. Con base en la revisión de literatura y confiando en la perspectiva teórica del nuevo institucionalismo sociológico y en la teoría de recursos y capacidades se formuló la hipótesis de la investigación. A través de un estudio transeccional y con organizaciones mexicanas del sector público mediante la percepción de 252 servidores públicos se probó la hipótesis planteada. Se realizó un análisis multivariante (SEM). Los resultados confirman la importancia de las instituciones informales que legitiman el desempeño de las organizaciones, pero no garantizan su eficiencia real. No obstante, la investigación muestra que mediante la gestión interviniente de recursos valiosos (identidad social y confianza organizacional) se ayuda a explotar las oportunidades y a neutralizar las amenazas del ambiente generándose nuevas capacidades tales como el intercambio de conocimiento.

**Palabras clave:** Instituciones informales, Conocimiento, Identidad social, Confianza organizacional, Economías emergentes.

Erendira Fierro Moreno<sup>1</sup>  
Wendy Ovando Aldana Aldana<sup>2</sup>

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<sup>1</sup> Universidad Autónoma del Estado de México - UAEMEX, México  
E-mail: [ren\\_fierro@yahoo.com](mailto:ren_fierro@yahoo.com)

<sup>2</sup> Universidad Autónoma del Estado de México - UAEMEX, México  
E-mail: [wovandoa@uamex.mx](mailto:wovandoa@uamex.mx)

## 1 INTRODUCTION

Future research, across all subfields of management, must be framed in a perfect understanding of how the unique attributes of the Latin American context have shaped the institutions or “rules” for conducting organizational process in the organizations and business in the region. Contextual factors and institutions have important implications for the development and application of management theory in Latin America and across a broader range of emerging and developed economies (Nicholls-Nixon, Davila & Sanchez Rivera, 2011).

For this reason, it is essential to analyze if organizational resources (such as identity and organizational trust) mediate the effect of informal institutions that could have over the resources or organizational capabilities.

The main argument of the new institutionalism, specifically, sociological neo-institutionalism is that institutions exist to reduce uncertainties appearing in human interaction as a result of the solution of problems (sometimes complex) and limitations of individual minds to process available information (International Institute Governance, 1998). In a way, institutions are the rules of a society or, more formally, are the constraints humanly devised that shape human interaction (North, 1990) and affect organizational structures and performance of these (Meyer & Rowan, 1977). Institutions provide rules, limitations, procedures and (formal or informal) incentives that structure social interaction and are essential in the management of exchanges that repress and / or permit the behavior of actors in organizations (North, 1990). Institutions reflect in its operational structure the socially constructed reality. Thus, institutions function as myths that organizations incorporate in order to gain legitimacy, resources, stability and improve their prospects of survival (Meyer & Rowan, 1977).

Informal institutions are still the key, in large part, of political and economic exchange and organizational functioning, which is a consequence of a no evolution of legal institutional framework, resulting in uncertainty and institutional incertitude (International Institute of Governance, 1998); often have important results in the study of organizations (Helmke & Levistky, 2003) because they are socially shared rules, usually unwritten, that are created, communicated and enforced outside officially sanctioned channels (North, 1990; Lauth, 2000; Helmke & Levistky, 2003; Tsai, 2003; Lauth, 2004; Liebert, 2008; Rauf, 2009).

Even organizations that incorporate socially legalized streamlined elements (institutions) in their formal structures gain and maximize legitimacy by increasing their resources and capabilities of survival regardless of production efficiency (Meyer & Rowan, 1977). Therefore, institutions limit the opportunities for

maximizing the resources of the organization, which also define which direction the acquisition of knowledge and organizational skills will take (International Governance Institute, 1998).

So, if informal institutions legitimize the organization's performance and impact, but do not guarantee its organizational production efficiency—in fact make it seem consistently efficient, without real efficiency (Meyer & Rowan, 1977), it is necessary to ensure that the organization manages and controls its resources and internal capabilities taking advantage of opportunities in order to neutralize threats to its environment (informal institutions) which will enable the formulation of strategies to improve the efficiency, effectiveness and consequently its organizational performance (Barney, 1991 ; Daft, 1983). In consequence, we want to know if other organizational resources could mediate the effect between the informal institutions and other capabilities that can generate organizational efficiency.

This strategic resource management and internal organizational capabilities (e.g. organizational trust and social identity) allow the development of new skills or abilities that generate value to organizations and facilitate the exchange of new knowledge (Chen & Huang, 2007; Fijalkowska, 2008; Ho, Kuo & Lin, 2012; Davenport & Prusak, 1998; Wu, Lin, Hsu & Yeh, 2009; Saiz, Ten, Manzanedo & Rodriguez, 2013).

Based on the above and relying on the theoretical perspective of sociological neo-institutionalism (Meyer & Rowan, 1977) and in the resource based-view (Barney, 1991) this research is intended to provide a response to the question: To what extent do social identity and organizational trust mediate the relationship between informal institutions and the knowledge sharing? A transversal and no experimental study is developed with a sample of Mexican public organizations through their managers and employees perception. Multivariate analysis was used, specifically the structural equation modeling (SEM).

This research contributes to current knowledge confirming that the informal institutions legitimize the performance of organizations but do not guarantee its real efficiency. However, this research shows that it is possible that by intervening management of valuable resources (social identity and organizational trust) that helps exploit opportunities and neutralizes threats to the environment generate new capabilities like the knowledge sharing.

The remainder of this paper is organized as follows. First, a review of the relevant literature is presented in order to expose the background that lead to the assumption that social identity and organizational trust may mediate the relationship between informal institutions and the knowledge sharing. Then the research hypothesis is established followed by the method and the

statistical results. This paper concludes with a discussion of the findings and limitations of the research.

## 2 LITERATURE REVIEW AND RESEARCH HYPOTHESIS

From the logic that emerges from the principles underpinning the theory of the resource based- view, both technical and management capabilities are based on the internal resources of the organization. That is, the potential of the resources to be valuable, rare, inimitable and irreplaceable depends on growth, efficiency and effectiveness of organizations (Wernerfelt, 1984; Barney, 1991; Grant, 1991; Teece, Pisano & Shuen, 1997; Eisenhardt & Martin, 2000).

Therefore, organizational capabilities are the ability of an organization to development coordinated tasks through the management and utilization of organizational resources to generate results (Helfat & Peteraf, 2003). These scenarios can shape organizational capabilities from which organizations can build a competitive advantage (Barney, Wright & Ketchen, 2001; Eisenhardt & Martin, 2000).

Organizations seeking competitive advantages challenge the development of specific internal organizational processes to generate new knowledge (Nonaka & Takeuchi, 1995). According to some authors, knowledge in organizations has become the most important factor of production in the new economy (Nonaka & Takeuchi, 1995; Drucker, 1993; Quinn, 1992; Reich 1992). In this context, knowledge is recognized as a source of generation of capabilities, that even in uncertain environments, enables organizations to operate efficiently (Rodriguez & Hernandez, 2008). Therefore, the generation and development of knowledge have become a predominant and essential element in the creation of wealth (Velez, 2007), its exchange, transfer and acquisition are a competitive advantage for organizations (Nonaka, 1994; Spender, 1996).

To achieve new knowledge, one must consider that the knowledge sharing depends on various organizational resources. However, organizations in emerging economies face different threats to their environment –informal institutions (Peng, 2002; Dakhli & Clercq, 2004), therefore, it is imperative that organizations implement resource management strategies and internal capabilities to allow knowledge sharing: social identity and organizational trust are, among others, resources that may affect the exchange (Chen & Huang, 2007; Fijalkowska, 2008; Ho, Kuo & Lin, 2012; Davenport & Prusak, 1998; Wu, Lin, Hsu & Yeh, 2009; Saiz et al, 2013).

Nevertheless, we have to consider unique attributes of the Latin American context, among these, we could find the institutions or “rules” that conduct the organizational process in the organizations and business in the region (Nicholls-Nixon, et al., 2011).

### The mediator effect of social identity and organizational trust between informal institutions and knowledge sharing

Institutions are the rules of a society or, more formally, are the humanly devised constraints that shape human interaction (North, 1990) and affect organizational structures and performance of these (Meyer & Rowan, 1977). Actually, informal institutions are the rules that structure, in particular way, social interactions (Knight, 1992).

Informal institutions are created, communicated and enforced amongst actors in the organization in such a way that evolve and generate shared expectations (Helmke & Levitsky, 2003). That is to say, informal institutions are responsible for generating social capital and provide elements for generating social ties (Dakhli & Clercq, 2004; Rauf, 2004).

Considering that informal institutions receive a degree of social acceptance and if one of these fundamental elements of this agreement is to ensure social patterns, then the **effects** of informal institutions may be related to certain patterns of behavior (Lauth, 2004) and, consequently, with the social identity and organizational trust.

In this sense, social identity involves active participation in social processes that include elements defined by the interaction of adaptive organizational environment and employee behavior (Davidaviciene, 2008). That is, the social identity refers to the awareness of employees regarding their membership in the organization. From a theoretical point of view, social identity is supposed to be the basis of why and how individuals act on behalf of a group or organization (Joensson, 2008).

Social identity when referring to how often it comes to mind to a member of an organization that he is a member of a group; to the emotional quality of belonging to a group and psychological ties that bind the individual to the group (Cameron, 2004). So we can say that, as far as the employee perception increases, about his social identity in terms of shared beliefs, a higher level of knowledge sharing will be provided (Ho, Kuo & Lin, 2012). It is also clear that the relationship based on trust promotes knowledge collaboration and integration of new knowledge (Tansley & Newell, 2007).

Organizational trust promotes the knowledge sharing by encouraging the characteristics of strengthening the value of the members of the organizations and, at the same time, by improving individual motivation to document knowledge (Renzl, 2008). The organizations that create and develop links and relationships among people are very favorable to the knowledge sharing (Tse, Dasborough & Ashkanasy, 2008). In fact, organizational trust is presented as a mediating factor in the way in which knowledge is shared (Ho, Kuo & Lin, 2010).

Organizations looking for competitive advantages and strategies difficult to replicate by other organizations challenge the development of specific



internal organizational processes to generate new knowledge. The knowledge sharing involves trusting and sharing with others knowledge to be used or complemented by others (Newman, 2011).

The knowledge sharing creates new knowledge (Xia & Ya, 2012; He & Wei, 2009; Van Den Hooff & De Ridder, 2004) and aims to increase the added value of the products or services of the organization. This knowledge sharing affects the solution of a situation with new knowledge and resolves problems in organizations (Nonaka, Von Krogh & Voelpel-2006).

The knowledge sharing can be seen as a culture of social interaction, which involves the exchange of experiences and skills of the employees throughout the organization (Lin, 2007).

An organization can incorporate the knowledge sharing in its organizational strategies when it achieves that its employee's attitudes are aimed to the exchange and sharing of knowledge (Lin & Lee, 2004). However, organizations in emerging economies face different threats to their environment -informal institutions (Peng, 2002; Dakhli & Clercq, 2004). Informal institutions are still the key, in large part, of political and economic exchange and organizational functioning, which is a consequence of not evolving a legal institutional framework, resulting in uncertainty and institutional incertitude (International Institute of Governance, 1998).

Informal institutions do not guarantee organizational efficiency (Meyer & Rowan, 1977). In fact, they have a critical role to influence the operation of the organization (Helmke & Levitsky, 2003; Pfeffer, 1978; Zenger, & Poppo Lazzarini, 2001).

Therefore, the organization needs to manage and control the attributes of its internal resources and capabilities taking advantage of opportunities and neutralizing threats in their environment (informal institutions) which will enable the implementation of strategies that improve the efficiency, effectiveness and organizational performance (Penrose, 1959; Barney, 1991; Daft, 1983). If organizations potentiate their internal resources such as social identity, organizational trust, cooperation with a sense of reciprocity among members of the organizations, it is possible that the environment generates new capabilities in the organizations (Putman, Leonardi & Nanetti, 1993).

According to the above, the following hypothesis is proposed:

**Hypothesis:** The social identity and organizational trust mediate the relationship between informal institutions and knowledge sharing.

### 3 METHOD

#### Sample

The data to explain organizational efficiency and effectiveness based on internal resources and capabilities must represent organizations that are susceptible to insecurity or institutional uncertainty or organizations that

present a threat to their environment. Public sector organizations from emerging economies are prone to these threats, hence the investigation has been conducted in public sector organizations, since in these organizations is where it is more likely to observe the phenomenon giving the reason for this research. The sampling of public sector organizations was for convenience. However, the most representative and suitable units were chosen for the study. The sample consisted of nine public organizations of the State of Mexico.

The study of the knowledge sharing considered as a unit of analysis the operational staff, middle managers and managers of organizations, as in all organizational levels you learn and you interact in order to generate new knowledge (Gherardi, Nicolini & Odella, 1998; Brown & Duguid, 1991).

Participation in the sample within organizations was voluntary so there was no control over their composition. The instrument was applied to all organizational levels (252) of the various areas of public organizations. The response rate was 80%.

#### Data collection

The original number of completed questionnaires was 263. However, 11 questionnaires were filled out incorrectly, and therefore were eliminated.

Data was collected by applying a brief and self-administered instrument. Approval for data collection was done through a letter addressed to the heads of the organizations in which access to the organizations was requested. The application of the questionnaire was conducted from November 2013 to February 2014. Confidentiality and anonymity of the participants were guaranteed.

The instrument was integrated by two sections: one with demographic (sex and age) and organizational data (type of employee, seniority in the organization, seniority in the current job, contract type, maximum degree of studies, graduate studies, and participation in a program of incentives to performance) and another containing a series of questions designed to measure the four variables studied (knowledge sharing, informal institutions, social identity and organizational trust).

#### Instrument (questionnaire)

The instrument was built from the theoretical contributions of several authors (Kamasak & Bulutrar, 2009; Cameron, 2004, Mayer & Garvin 2005; Chen & Huang, 2007; Oswick, Keenoy & Mangham, 2000; Ho, Kuo & Lin, 2012; Lin, 2007; Yu, Yu & Yu, 2013; Danaee & Selseleh, 2010). Items for the variable informal institutions were built based on the literature review and in accordance with its conceptual definition, and since it was not found in any literature review an operationalization from the microeconomic point of view of this variable.

Items for the variables knowledge sharing, social identity and organizational trust were constructed using

both translation and retranslation technique as adaptation (Muñiz & Hambleton, 1996), which was made based on the context (public organizations), adjusting to the new peculiarities of the population (public organizations). In this case, some items which were taken from the original scales were added, subtracted and transformed (Tornimbeni, Perez & Olaz, 2008).

To help refining the questionnaire content a validation was performed through interviews with a panel of experts, whose suggestions were incorporated into a second version. Following this the questionnaire was submitted to a pretest in a public organization subject to 29 members of the organization.

### **Operational definition and measurements of the variables**

The knowledge sharing (endogenous dependent variable) refers to the tool that encourages the organization to create new knowledge and turn it into strength (Liebowitz, 2001; Yu, Yu & Yu, 2013). It is a culture of social interaction; it is the flow and dispersion of knowledge between people that implies the exchange of knowledge, experiences and skills across the organization. Knowledge sharing consists of a series of common understandings regarding the providing of access to the employees to relevant information within the organization (Lin, 2007; Chen & Huang, 2007; Wensley, et al, 2011; Danaee & Selseleh, 2010). The measurement of the variable knowledge sharing included nine items. Appendix A contains a complete list of items.

Social identity (endogenous-mediator variable) is how often it comes to mind to a member of an organization that he is a member of a group; to the emotional quality of belonging to a group and psychological ties that bind the individual to the group (Cameron, 2004). The measurement of the social identity included seven items. Appendix A contains a complete list of items.

Organizational trust (endogenous-mediator variable) involves two elements. The first relates to the vulnerable will to the actions of an administrator based on the expectation that he will realize or perform a particular action, regardless of any control mechanism (Mayer, Davis & Schoorman, 1995). And second, the certainty and safety that the employees have towards their co-workers regarding their skills and abilities to do the job, their decision-making, their acting in the best interests of the organization (Oswick, Keenoy & Mangham, 2000). The measurement of organizational trust included nine items. Appendix A contains a complete list of items.

Informal institutions (exogenous-independent variable) are socially shared rules, usually unwritten, that

are created, communicated and enforced outside officially sanctioned channels (North, 1990; Lauth, 2000, Helmke & Levistky, 2003; Tsai, 2003; Lauth, 2004; Liebert, 2008; Rauf, 2009). Based on the review of literature the items were designed and there were five. Appendix A contains a complete list of items.

All items were based on six options of the *Likert* scale ranging from 1 (strongly disagree) to 6 (strongly agree).

### **Estimation Methods**

Before establishing a structural equation model, an exploratory factor analysis was performed separately for each construct as in the method principal components with varimax orthogonal rotation to establish the structure of the instrument (Nunnally & Bernstein, 1995), in order to make an assessment of the scale of the dimensions for each of the latent variables or constructs. No problems were found in any dimensionality variable. Whereas all data were collected from the same measuring instrument, it was necessary to verify the presence of the bias of the variance of the common method by a test factor Harman (Konrad & Linnehan, 1995). The results of exploratory factor analysis revealed that the variables do not belong to a single factor and, therefore, it can be attributed that the variance of the variables of the study is due to the constructs that are assessed and not to the assessment method (Podsakoff & Linnehan, 1995).

Multivariate analysis was used, specifically the structural equation modeling (SEM) that is appropriate to verify the hypothesis of this research.

Convergent validity (reliability construct) and the average variance extracted model measurement was obtained.

## **4 RESULTS**

Table 1 shows the correlations for the variables used in this study. All correlations were statistically significant higher. The correlations between the constructs were from low to high (0.295 a 0.694).

**Table 1** - Descriptive statistics and correlations (n=252)

Variable	Mean	Standard Deviation	Knowledge Sharing	Social Identity	Organizational Trust	Informal Institutions
Knowledge sharing	2.744	0.801	1			
Social Identity	2.613	0.724	.526**	1		
Organizational Trust	2.790	0.754	.694**	.560**	1	
Informal Institutions	3.289	0.849	.402**	.295**	.424**	1

Note: \*\*Correlation is significant at the level of 0.01 (2-way). \*Correlation is significant at the level of 0.05 (2-way).

Table 2 shows that all factor loadings are significant and consistent with the standardized coefficients of their dimensions. In addition, this table shows the variance explained by the observed measures

with respect to their constructs. All the variables have high  $R^2$  values, thus suggesting an acceptable level of reliability.





Table 2 - Factor Loadings and R<sup>2</sup>

Variable/Item	Unstandardized Coefficients	Standardized Coefficients	Standard Error	P Significance	R <sup>2</sup>	Variable/Item	Unstandardized Coefficients	Standardized Coefficients	Standard Error	P Significance	R <sup>2</sup>
<b>Knowledge sharing</b>						<b>Organizational Trust</b>					
X22	1	0.399			0.16	X13	0.82	0.604	0.076	***	0.365
X23	1.25	0.463	0.249	***	0.215	X14	-0.14	-0.091	0.101	***	0.008
X24	1.79	0.7	0.3	***	0.491	X15	0.82	0.703	0.061	***	0.494
X25	1.37	0.548	0.252	***	0.3	X16	0.98	0.893	0.046	***	0.797
X26	2.23	0.853	0.352	***	0.728	X17	1	0.893			0.797
X27	2.19	0.776	0.356	***	0.602	X18	0.98	0.896	0.046	***	0.803
X28	1.73	0.652	0.297	***	0.425	X19	0.89	0.834	0.048	***	0.696
X29	2.07	0.697	0.347	***	0.486	X20	0.99	0.839	0.053	***	0.703
X30	1.75	0.669	0.299	***	0.447	X21	0.88	0.645	0.073	***	0.416
<b>Social identity</b>						<b>Informal institutions</b>					
X6	1.66	0.828	0.24	***	0.685	X13	0.82	0.604	0.076	***	0.365
X7	1.79	0.828	0.26	***	0.686	X14	-0.14	-0.091	0.101	***	0.008
X8	1.07	0.543	0.185	***	0.295	X15	0.82	0.703	0.061	***	0.494
X9	1.42	0.74	0.214	***	0.548	X16	0.98	0.893	0.046	***	0.797
X10	1.36	0.683	0.211	***	0.467	X17	1	0.893			0.797
X11	0.24	0.103	0.162	***	0.011	X18	0.98	0.896	0.046	***	0.803
X12	1	0.444			0.197						
*** (p < 0.001)											

Table 3 indicates an acceptable level of convergent validity among the study variables. After the measurement model was deemed as satisfactory, the next stage in the analysis was to test the degree of fit between the proposed theoretical model and the data. The statistic Chi-square  $X^2$  has a value of 862.98; this suggests that the observed data matrix and the estimated data matrix differ. Nevertheless, according to the statistical sensitivity of this measure to the size of the sample was supplemented with other measures of goodness of fit. The RMSEA shows that the discrepancy per degree of freedom between the input arrays are estimated and observed acceptable because it has a value of .068 and values ranging from .05 to .08 are considered acceptable. The NFI makes a relative comparison from the proposed model to the null model. It is observed that this index is suitable as having a value of .807. The CFI and IFI represent comparisons between the estimated model and the null or independent model. The model has a good quality of fit; their values are .885 and .886. GFI has a value .812, which means the fit is appropriate (Hair,

Anderson, Tatham & Black, 2008). Therefore, the research model fits the observed data properly.

Also it is observed in Table 3 the level of reliability (convergent validity) and the average variance extracted. The values show the construct reliability with rates above evaluation criteria (0.6) (Bagozzi & Yi, 1988).

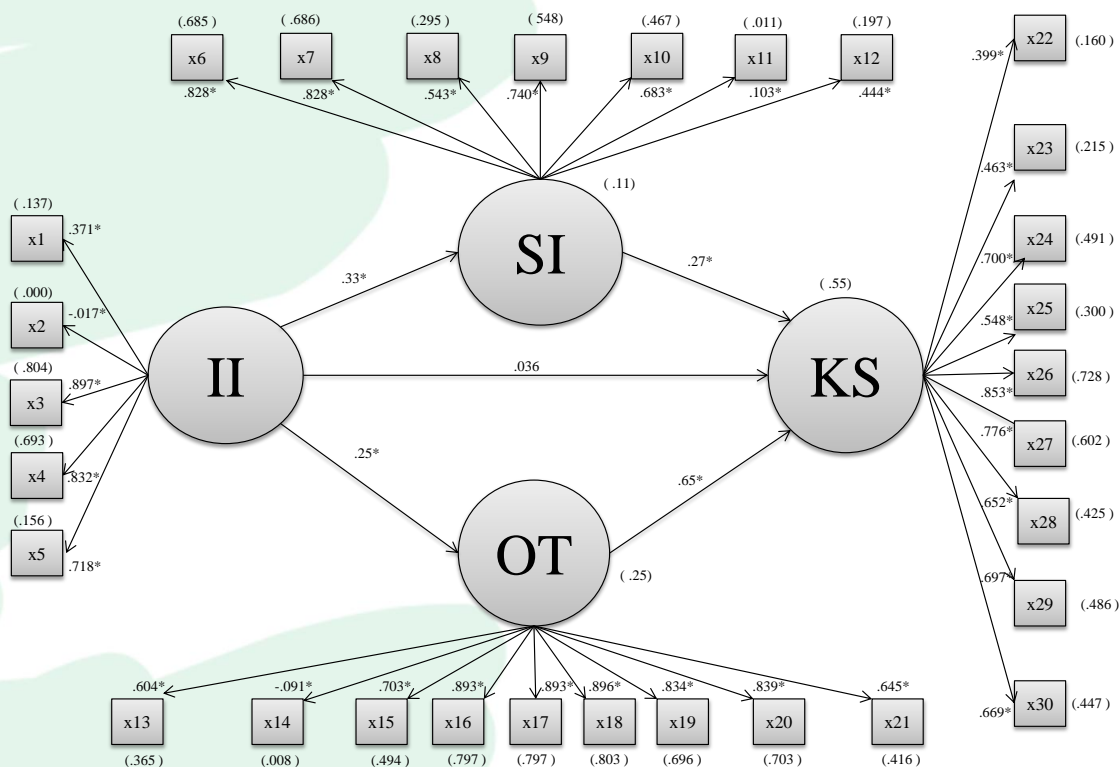
As for the variance extracted of constructs, in three of them (knowledge sharing, informal institutions and social identity) results are close to the minimum cutting point suggested of 0.50, and in the case of organizational trust variable exceeds that minimum (Fornell & Larcker, 1981; Hair et al., 2008). Therefore, the measurement model is adequate.

The results of the structural model used to support the assumptions shown in Figure 1. All the factor loadings (except the relationship of informal institutions with the knowledge sharing) were statistically significant ( $p < 0.001$ ) and greater than 0.25; they can be interpreted to assess the strength and significance of the model.

**Table 3** - Convergent Validity and Goodness of fit measures

Variable	Convergent Validity <sup>a</sup>	Variance extracted of constructs <sup>b</sup>	Goodness of fit measures	
Knowledge sharing	0.87	0.43	$X^2$	862.98
Informal Institutions	0.74	0.44	$X^2 / GL$	2.152
Social Identity	0.84	0.48	RMSEA (Root Mean Square Error of Approximation)	0.068
Organizational Trust	0.91	0.57	NFI (Normed fit index)	0.807
			CFI (Comparative fit index)	0.885
			IFI (Incremental fit index)	0.886
			GFI (Goodness of fit index)	0.812
<sup>a</sup> Convergent validity is calculate with the formula: $(\text{Sum of standardized weights})^2 / (\text{Sum of standardized weights})^2 + (\text{Sum of indicator measurement error})$ (Hair et al., 2008)				
<sup>b</sup> Variance extracted is calculate with the formula: $(\text{Sum of the squares standardized weights}) / (\text{Sum of the squares standardized weights} + \text{Sum of indicator measurement error})$ (Hair et al., 2008)				

Figure 1 - Structural model



The variance explained in parenthesis.  
\* Significant p < 0.001

**II:** Informal Institutions  
**SI:** Social Identity  
**OT:** Organizational Trust  
**KS:** Knowledge sharing

The hypothesis suggests that social identity and organizational trust mediate the relationship between informal institutions and knowledge sharing. According to Table 4, informal institutions involve an indirect effect on the knowledge sharing (.417); the above supports the hypothesis. The informal institutions have no significant statistical influence on the knowledge sharing, and it was not significant in the model (see Figure 1). It has only indirect effect on the knowledge sharing when social identity and organizational trust are present.

Level of knowledge sharing is expected to increase for each addition in one standard deviation of informal institutions through its effect over social identity and the organizational trust. Informal institutions only

show indirect effects over the knowledge sharing (see figure 1 and table 4) when social identity and the organizational trust are presented, this result provides strong support for the hypothesis.

The design of this research was transactional, so it is not possible to establish a causal link between the variables under study since the interpretation of causality in the real world is not guaranteed (Kline, 2005). However, it is possible to establish with these results some speculation about the influence of informal institutions and organizational resources in the knowledge sharing.

able 4 - Indirect Effects

	Informal Institutions	Social Identity	Organizational Trust
Knowledge Sharing	0.417	0	0

## 5 DISCUSSION OF RESULTS AND LIMITATIONS OF THE STUDY

### Discussion

Informal institutions (Zenger, Lazzarini & Poppo, 2001; Tonoyan, 2011; Strin & Prevezer, 2010) are a contingency variable. A gap in knowledge about the scientific research of the limiting factors and contingency variables strategies that affect organizations in emerging economies is evidenced (Khanna & Palepu, 2010; Lazzarini, 2012; Vassolo, DeCastro & Gomez-Mejia, 2011).

Thus, various research studies focus on the analysis of the relations of organizational resources as determinants in knowledge sharing, but few studies, -in fact, none were found in the literature review of studies that have measured and operationalized the variable informal institutions from the microeconomic standpoint. Informal institutions have been investigated in their organizational performance and its actual productive inefficiency and with what resources could these threats to the environment in organizations be counter.

Hence, this research could demonstrate the effect of informal institutions on the internal resources of organizations. The empirical analysis of this research has highlighted the importance of organizational resources to influence and mediate the knowledge sharing.

Based on the provisions of the literature regarding that informal institutions are created, communicated and are made to be complied by the actors of the organizations and informal institutions are responsible for providing elements to generate social ties and who receive a degree of social acceptance and if a fundamental element of this agreement is to ensure social patterns, then with the statistical results of this research it is consistent with the provisions of Helmke & Levitsky, 2003; Dakhli & Clercq, 2004; Rauf, 2004 & Lauth, 2004.

The frequency in which it comes to mind to a member of an organization of being a member of a group; the emotional quality of belonging to a group and the psychological ties that bind the individual to the group (Cameron, 2004) and vulnerable will to the actions of an administrator based on the expectation that he will realize or perform a certain action, regardless of any control mechanism (Mayer, Davis & Schoorman, 1995), plus the certainty and safety of employees towards co-workers about their skills and abilities to do the job, their decision-making, and that they will act in the best interests of the organization (Oswick, Keenoy & Mangham, 2000) let us establish that these elements are incidents of factors that are organizational factors that create knowledge sharing.

Organizations from emerging economies face institutional constraints also associated with restrictive factors affecting the strategies of organizations. These limitations affect the types of resources that organizations generate to achieve better results (Khanna & Palepu, 2010). These limitations are value systems, corruption,

nepotism, and excessive paperwork, prevalent in Latin American organizations (Nicholls-Nixon, Davila, & Sanchez Rivera, 2011; Vassolo, De Castro & Gomez-Mejia, 2011). According to this argument, it was found that informal institutions effectively restrict the generation of new organizational capabilities and only with intervening organizational factors such as social identity and organizational trust it is possible to generate organizational capabilities of growth, argument which concurs with the provisions of the theory of the resource based-view and with the approach of the sociological neo-institutionalism.

This research reinforces that social identity and organizational trust are mediating variables between variables of productive inefficiency and new organizational capabilities. At the same time it is found that resources while being valuable (Barney, 1991) help to exploit opportunities and neutralize threats to the environment of the organizations.

### Research Limitations

At least some limitations in this study are important to be mentioned. Perhaps the first of these is the sample size (relatively small), suggesting considering carefully the conclusions of this investigation. Also, the findings should be interpreted carefully as to their generalization in other contexts, since the study of organizational variables requires longitudinal and not cross-sectional research designs as was the present investigation.

A second, and perhaps more important, limitation is the lack of a detailed theoretical integration that supports the hypotheses raised in a more solid form.

For example, some speculations indicate that the institutional theory and the resource based view could be contradictory on one level and complementary to another. While one suggests that top performing organizations are more isomorphic, the other indicates that those who are different are those that have a higher probability of exhibiting outstanding performance. This document does not specify these boundaries, neither does it address them. However, we do recognize that different theories have implications that operate at multiple levels and that at some point could alter the interpretation and significance of the results documented here. Still, we believe that our findings are indicative of the possible relationships between the constructs addressed.



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