Moderating Role of Organizational Climate between Leadership and Employee Innovative Work Behavior: An Empirical Investigation at National Level

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Abstract
Business and service sectors are facing challenges because of a competitive market with incredible innovation. Banking sector is also rapidly changing with fast paced technological advancements and innovative systems. Islamic banking sector has to increase innovation in its products and services to compete with an already well-established conventional banking sector. As per the past studies, leaders’ behaviors are vital to increase employee innovative work behavior (EIWB). It was also found in the literature that in many of the Western countries, organizational climate played a role of moderator between leaders’ behaviors and EIWB. This study aimed to explore the moderating role of organizational climate in Pakistani banking environment. Qualitative techniques were used to conduct this empirical study in non-contrived settings. Nation-wide data was collected to generalize the results at a larger scale. Findings of this study indicate that organizational climate does not play a significant moderating role between leaders’ behaviors and EIWB. These findings are contrary to the some of the past studies conducted in the Western countries. Cultural differences and a weaker organizational climate at the local level might be the reasons behind these unexpected results. The results indicate a substantial need to develop organizational climate in the banking sector of Pakistan to produce more innovative outcomes. Policy implications for the banking sector are also discussed in this study.

Keywords: Leader behaviors, Organizational Climate, Employee innovative work behavior, banking sector

Introduction
Innovation is a vital element for the success of any organization. The next decade is likely to see a considerable increase in the competition of innovative products and services. It would be difficult to survive for organizations with little or no innovation. Blue ocean strategies and novel service concepts are increasing the challenge of producing and introducing innovative products and services. Introducing innovation requires innovative procedures, processes and systems which can only be possible if employees have innovative work behavior. The biggest challenge faced by the Islamic banking sector of Pakistan is to cope with the conventional banking sector. Conventional banks in Pakistan enjoy a seventy years long history. Therefore, they have enough experience and capabilities to progressively introduce innovation for their customers to capture the maximum market. That is why Islamic banking sector in Pakistan is in a dire need to inculcate innovative behavior among its employees so that they can compete with conventional banking by developing innovative products and services. Innovation in banking sector is still not widely understood at the local level. In this context, leader behaviors are reported as a strong predictor of Employee Innovative Work Behavior (EIWB) in the literature. Past studies also revealed that Organizational Climate has been an important moderating variable between leader behaviors and EIWB in specific research settings and cul-
tures especially in the Western countries. Organizational Climate has different dynamics in Pakistan due to social and cultural differences as compared to the Western countries. The significance of Organizational Climate between the relationship of leader behaviors and EIWB is not studied in Islamic banking sector and thus it is an unexplored area in the field of behavioral sciences. The present study aims to validate the role of Organizational Climate between the relationship of leader behaviors and EIWB.

The current study contributes to the relevant field by analyzing nationwide data. Researchers strived to collect the data from all provinces of Pakistan to generalize the results with some significant findings. Quantitative measures are used in the study. A structured questionnaire was used to collect the data.

The study examines the role of Organizational Climate as a moderating variable in Islamic banking sector in Pakistan. It will help to produce useful findings regarding the nature and strength of Organizational Climate in the same sector. Moreover, several implications have been highlighted for the higher management of banking sector to facilitate their policy making regarding developing their organizational culture in the light of employees’ perception in the light of the results of the current study.

Objectives
The current study has the following objectives:

- To explore the moderating role of Organizational Climate between the relationship of leader behaviors and EIWB
- To provide policy implications for the banking sector based on the empirical evidence of the study

Literature Review
Dynamic relationship among leader behaviors, Organizational Climate and EIWB in several theoretical and empirical constructs has been extensively studied in past studies. In like manner, literature revealed that many leader behaviors have significant impact on Employee Innovative Work Behavior (EIWB). Out of the fourteen leader behaviors, nine were selected as they were statistically stronger linked with EIWB and Organizational Climate.

In this regard, the first leader behavior is rewarding. Rewarding has been explained as benefits and special remuneration which is provided to employees for their performance and achievements (Yukl, 1994). Rewarding is linked with employee behavior because rewarding usually increases intrinsic motivation. Motivation can lead to modify certain behavior/s (Amabile, 1988). In addition to that, rewarding can also enhance creativity and innovation. Frey & Jegen, (2001) note that students who were promised a reward for doing the work in unique ways exhibited creativity in their work. In another study, Profiroiu, C et al. (2020) found that transformational leaders can inspire their employees for modern ways of work.

Second leader behavior explored in this work is Monitoring. Zhou (2003) illustrated that a controlling leader is mainly concerned about the way a task is done. A controlling leader expects that the employees would adhere to instructions they were given while completing tasks. This restricts innovative behavior among employees. Similarly, Gebert et al., (2003) explained in his study that monitoring creates a feeling of worry among employees that their innovation can be perceived by their leader as a deviation from the instructions. Therefore, controlling has negative relationship with employee innovation.

Informing is another leader behavior linked with EIWB. Perry-Smith & Shalley, (2003) argued that if employees are informed about the information they need to know, they are clear about
their goals and have a better sense of responsibility. This encourages them to display innovation at their workplace. Moreover, informing includes knowledge sharing which brings novel ideas. Ultimately, these ideas are materialized into innovative actions (Mumford, Scott, Gladdis and Strange, 2002).

Another leader behavior that affects EIWB is Providing Vision. Literature indicates a correlation between providing vision and EIWB. Sosik, Kahai and Avolio (1998) demonstrated that if employees are guided properly and given a clear vision, their creative outcome at work is enhanced. In the same way, Shin (1997) also concluded that providing vision in service firms has proven significant to enhance employees’ innovative behavior.

A leader behavior positively linked with employee innovation is Delegating. A boss who delegates gives more autonomy to employees so that they can perform the tasks assigned to them independently (Yukl, 2002). A study conducted in China concluded that EIWB was high at workplaces where tasks were delegated (Chen and Aryee, 2007). In addition to that, Parker and Axtell (2001) reported that employees strive to achieve organizational goals beyond their regular job description at workplaces where jobs are delegated; which in turn brings innovation and creativity at work.

Several empirical studies have reported that Supporting also impacts EIWB in a positive way. According to Yukl, (2002), support refers to providing physical and psychological assistance to employees. If employees are provided support by their line mangers, they feel confident to apply innovative ideas at their job without any fear of being wrong (Jung et al., 2003; Dewett, 2007). A strong relationship exists between leader’s supportive behavior and the application of innovative ways of work by employees at production units (Axtell et al., 2006).

Recognizing the contribution of employees is a key indicator of leadership. Jung et al., (2003) noted in their study that recognition of efforts by leaders inculcates enthusiasm among employees and they perform with creativity. Furthermore, if bosses encourage and recognize innovative efforts of employees, the innovative behavior of employees increases manifolds (Zhou & Shalley, 2003).

Role-Modeling has been reported another imperative leader behavior that can encourage the employees to be innovative and creative. Bratz (2007) explained that “role models serve as a catalyst to transform as they instruct, counsel, guide and facilitate the development of others”. In an empirical study, Jaussi and Dionne (2003) concluded that employees observe their role-models and learn many things on the spot. Managers who exhibit innovative behavior, can inspire their followers to exhibit innovative behavior at workplace.

Finally, Intellectual Stimulation has been proven as another leader behavior that positively correlates with EIWB. Intellectual stimulation encourages employees to do a critical analysis of any problem. As a result of intellectual simulation, employees tend to solve a problem with innovative ways rather than applying traditional solutions (Yukl, 2002). When leaders intellectually stimulate their employees by setting creative and innovative expectations from them, employees try to meet leaders’ expectations by adopting an innovative work style (Carmeli & Schaubroeck, 2007).

Leaders’ behavior is a predictor of EIWB as well as a pro-innovation Organizational Climate. A study conducted on the banking sector of Pakistan explored that the behavior of leaders is an important factor that affects employees’ efforts for innovation (Aziz & Alheety, 2019). Leaders can play an important role to create a certain type of Organizational Climate. Frazier & Fainshmidt (2012) reported in their empirical study that if leaders are interested to develop a voice climate, it impacts positively on individuals’ voice behaviors. Similarly, Hui et al. (2007) explained that behavior of leaders and service climate are vital to enhance employees’ performance. Therefore, it is evi-
dent that leaders have a significant influence on the development of Organizational Climate of a cer-
tain type, for example pro-innovation Organizational Climate.

An Organizational Climate where employees are familiar with each other’s personality traits and support each other regarding innovative tasks yields an increase in overall innovation (Axtell et al., 2006). A study by Choi (2007) indicated that a significant relationship exists between Organizational Climate and change-based citizenship behavior, which can also be an innovative behavior. Similarly, a study by Randel et al. (2016) involving 534 employees from different organizations concluded that a psychologically diverse Organizational Climate and leader inclusiveness are important predictors of employee innovative behavior and the ability to deal with challenges in a better way. In addition to that, Kernan et al. (2016) concluded in a study conducted in US governmental organizations that the psychological aspects of a climate have a strong correlation with employees’ outcomes and behavior at work. Thus, it is clear from the existing literature that if leaders encourage a pro-innovation Organizational Climate, it results in innovative work behavior by employees. In this way, Organizational Climate can serve as a moderating factor as well. Therefore, in the light of the above literature review pertaining to all variables, the following nine hypotheses have been proposed for this study:

Hypothesis 1: Organizational Climate plays a moderating role between Rewarding and EIWB
Hypothesis 2: Organizational Climate plays a moderating role between Monitoring and EIWB
Hypothesis 3: Organizational Climate plays a moderating role between Informing and EIWB
Hypothesis 4: Organizational Climate plays a moderating role between Providing Vision and EIWB
Hypothesis 5: Organizational Climate plays a moderating role between Delegating and EIWB
Hypothesis 6: Organizational Climate plays a moderating role between Support for Innovation and EIWB
Hypothesis 7: Organizational Climate plays a moderating role between Recognizing and EIWB
Hypothesis 8: Organizational Climate plays a moderating role between Role-modeling and EIWB
Hypothesis 9: Organizational Climate plays a moderating role between Intellectual Stimulation and EIWB

Methodology
The study was conducted through a survey method. Non-contrived research settings were used for this empirical study. Employees of the Islamic banking sector were the units of research. Hypotheses were tested through regression.

 Measures
A survey containing 43 items was used in the current study. Leader behaviors were measured through 27 items. EIWB was measured with nine items, while seven items were selected to measure Organizational Climate. The 43 items in the questionnaire were taken from the studies conducted by De Jong (2007), Spreitzer (1995), Yukl (2002) and Janssen (2000). Validity and reliability tests were also conducted for authentication of the survey items in the current data set. The survey was developed on a five-point Likert scale where coding was represented as 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = Strongly Agree.
**Sampling Procedure**

Target respondents were selected through a simple random sampling method to ensure maximum representation of the whole population. As it was a national-level study, eight geographically diverse cities were selected for the purpose of data collection. These cities included Islamabad, Karachi, Lahore, Peshawar, Faisalabad, Quetta, Gujranwala and Multan. The total population was more than 13,600 employees in 1,314 branches of the Islamic Banking sector of Pakistan (SBP, 2014). A sample of 450 respondents received surveys, out of which 387 surveys were completed correctly. The Kaiser-Meyer-Olkin (KMO) & Bartlett test was applied to verify the sample adequacy.

**Sample composition**

Following is the city-wise sample composition.

**Table 1. City-Wise Survey Distribution Detail**

<table>
<thead>
<tr>
<th>City</th>
<th>ISB</th>
<th>LHR</th>
<th>KHI</th>
<th>Peshawar</th>
<th>Quetta</th>
<th>Gujranwala</th>
<th>Multan</th>
<th>FSD</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respondents Approached</td>
<td>46</td>
<td>106</td>
<td>95</td>
<td>37</td>
<td>28</td>
<td>45</td>
<td>34</td>
<td>59</td>
<td><strong>450</strong></td>
</tr>
<tr>
<td>Surveys Received</td>
<td>41</td>
<td>96</td>
<td>78</td>
<td>33</td>
<td>26</td>
<td>38</td>
<td>29</td>
<td>46</td>
<td><strong>387</strong></td>
</tr>
</tbody>
</table>

**Research Model**

![Conceptual Model of the Study](image-url)

*Figure 1. Conceptual Model of the Study*
**Data Collection**

The survey was prepared on Google forms to collect online data for the convenience of respondents. Permission was obtained from branch managers to collect data from their respective branches. Keeping in view the busy work routine of employees, ample time (two to three weeks) was given to them to complete the survey. Sixty-three survey forms were either incomplete or completed incorrectly; they were not considered. A total of 387 surveys were considered for further statistical analysis.

**Results and Discussion**

Data were analyzed through SPSS. KMO, CFA, Cronbach’s Alpha, Correlation and Regression tests.

**Table 2. KMO and Bartlett’s Test**

<table>
<thead>
<tr>
<th></th>
<th>KMO and Bartlett's Test</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Kaiser-Meyer-Olkin Measure of Sampling Adequacy</td>
</tr>
<tr>
<td></td>
<td>Bartlett's Test of Sphericity</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Tzeng et al (2007) explained that in social sciences, a Kaiser-Meyer-Olkin (KMO) value higher than 0.60 is considered suitable for sample adequacy. Table 2 shows that the KMO value of the current data is 0.976. This means that the sample of the study was adequate for further analysis and that there were strong technical grounds for the prevalence of relationships among all the variables in this study.

**Validity and Reliability**

Validity of the items was verified through Confirmatory Factor Analysis (CFA). The rule of thumb is that items with values ≥ .40 are considered valid for measuring the respective variables. All 43 items taken for this study were found in the range between 0.572 and 0.911, which is satisfactory for the acceptable validity of a scale. The highest value of CFA was reported for the question that measured Monitoring with a value of 0.911. While the item with the lowest value of CFA measured the variable Informing with a value of 0.572.

Cronbach’s Alpha values for all the variables in this study are given in the following:

**Table 3. Reliability Test**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rewarding</td>
<td>0.940</td>
</tr>
<tr>
<td>Monitoring</td>
<td>0.788</td>
</tr>
<tr>
<td>Informing</td>
<td>0.849</td>
</tr>
<tr>
<td>Providing Vision</td>
<td>0.835</td>
</tr>
<tr>
<td>Delegating</td>
<td>0.950</td>
</tr>
<tr>
<td>Support for Innovation</td>
<td>0.935</td>
</tr>
<tr>
<td>Recognizing</td>
<td>0.956</td>
</tr>
<tr>
<td>Role-Modeling</td>
<td>0.899</td>
</tr>
<tr>
<td>Intellectual Stimulation</td>
<td>0.913</td>
</tr>
<tr>
<td>Employee Innovative Work Behavior (EIWB)</td>
<td>0.971</td>
</tr>
<tr>
<td>Organizational Climate</td>
<td>0.798</td>
</tr>
</tbody>
</table>
Reliability of the data was verified by applying Cronbach’s Alpha. Hair, et al. (2006) explained that variables with Cronbach’s Alpha value of 0.60 or more carry sufficient consistency to measure a variable. Table 2 shows that all the variables have acceptable values according to Cronbach’s Alpha.

**Mean, Standard Deviation and Correlation**

The following table shows mean values and standard deviation for all the variables in the study.

**Table 4. Correlation**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Rewarding</th>
<th>Monitoring</th>
<th>Informing</th>
<th>Providing Vision</th>
<th>Delegating</th>
<th>Support for Innovation</th>
<th>Recognizing</th>
<th>Role Modeling</th>
<th>Intellectual Stimulation</th>
<th>EIWB</th>
<th>O C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rewarding</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monitoring</td>
<td>-0.239</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Informing</td>
<td>0.619</td>
<td>-0.094</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Providing Vision</td>
<td>0.584</td>
<td>-0.018</td>
<td>0.728</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Delegating</td>
<td>0.68</td>
<td>-0.445</td>
<td>0.54</td>
<td>0.409</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support For Innovation</td>
<td>0.627</td>
<td>-0.395</td>
<td>0.602</td>
<td>0.5</td>
<td>0.847</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recognizing</td>
<td>0.62</td>
<td>-0.439</td>
<td>0.587</td>
<td>0.485</td>
<td>0.839</td>
<td>0.907</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Role Modeling</td>
<td>0.6</td>
<td>-0.08</td>
<td>0.739</td>
<td>0.715</td>
<td>0.518</td>
<td>0.595</td>
<td>0.571</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intellectual Stimulation</td>
<td>0.59</td>
<td>-0.285</td>
<td>0.521</td>
<td>0.434</td>
<td>0.772</td>
<td>0.742</td>
<td>0.744</td>
<td>0.558</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EIWB</td>
<td>0.634</td>
<td>-0.48</td>
<td>0.534</td>
<td>0.447</td>
<td>0.808</td>
<td>0.813</td>
<td>0.835</td>
<td>0.537</td>
<td>0.721</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Pro-Innovation Organizational Climate</td>
<td>0.7</td>
<td>-0.399</td>
<td>0.578</td>
<td>0.481</td>
<td>0.723</td>
<td>0.745</td>
<td>0.772</td>
<td>0.562</td>
<td>0.698</td>
<td>0.794</td>
<td>1</td>
</tr>
</tbody>
</table>
It can be observed from the table above that all dependent and independent variables are correlated with each other. It is important to note that Monitoring has a negative correlation with EIWB and Organizational Climate.

**Table 5. Overall Model Summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.875*</td>
<td>0.766</td>
<td>0.76</td>
<td>0.56215</td>
</tr>
</tbody>
</table>

Table 5 shows that the current model explains the scenario by the value of R Square (0.76). It reflects that independent variables (leader behaviors) cause a 76.6% change in the dependent variable (EIWB). The model summary also reports the value of R as 0.875, which indicates that a strong relationship exists between dependent and independent variables.

**Hypothesis Testing & Discussion**

<table>
<thead>
<tr>
<th>Hypothesis No.</th>
<th>Independent Variable</th>
<th>Moderating Variable</th>
<th>Dependent Variable</th>
<th>Regression Coefficient</th>
<th>p-value</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>1b</td>
<td>Rewarding</td>
<td>Pro-Innovation Organizational Climate (PIOC)</td>
<td>EIWB</td>
<td>0.033</td>
<td>0.270</td>
<td>Rejected</td>
</tr>
<tr>
<td>2b</td>
<td>Monitoring</td>
<td>PIOC</td>
<td>EIWB</td>
<td>0.063*</td>
<td>0.036</td>
<td>Accepted</td>
</tr>
<tr>
<td>3b</td>
<td>Informing</td>
<td>PIOC</td>
<td>EIWB</td>
<td>0.036</td>
<td>0.247</td>
<td>Rejected</td>
</tr>
<tr>
<td>4b</td>
<td>Providing Vision</td>
<td>PIOC</td>
<td>EIWB</td>
<td>0.031</td>
<td>0.289</td>
<td>Rejected</td>
</tr>
<tr>
<td>5b</td>
<td>Delegating</td>
<td>PIOC</td>
<td>EIWB</td>
<td>-0.04</td>
<td>0.389</td>
<td>Rejected</td>
</tr>
<tr>
<td>6b</td>
<td>Support For Innovation</td>
<td>PIOC</td>
<td>EIWB</td>
<td>-0.006*</td>
<td>0.002</td>
<td>Accepted</td>
</tr>
<tr>
<td>7b</td>
<td>Recognizing</td>
<td>PIOC</td>
<td>EIWB</td>
<td>-0.032</td>
<td>0.510</td>
<td>Rejected</td>
</tr>
<tr>
<td>8b</td>
<td>Role-Modelling</td>
<td>PIOC</td>
<td>EIWB</td>
<td>0.011</td>
<td>0.566</td>
<td>Rejected</td>
</tr>
<tr>
<td>9b</td>
<td>Intellectual Stimulation</td>
<td>PIOC</td>
<td>EIWB</td>
<td>-0.085*</td>
<td>0.029</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

**p < 0.001 , * p < 0.05**

As per findings of the data, the first hypothesis 1b is rejected ($\beta = 0.033$, p-value > 0.05). This means that Organizational Climate does not play a moderating role between Rewarding and EIWB. However, the next hypothesis, 2b, is accepted because of a significant p-value ($\beta = 0.063$, p-value < 0.05). It shows that Organizational Climate plays a moderating role between Monitoring and EIWB, but the impact of the Moderator is not strong as the $\beta$ value is 0.063.

The third hypothesis, 3b, is also rejected ($\beta = 0.036$, p-value > 0.05). Organizational Climate does not have any impact on Informing and EIWB as a Moderator. Therefore, Organizational Climate does not play a bridging role between Informing and EIWB. Hypotheses 4b and 5b are also rejected because of insignificant values ($\beta = 0.031$, p-value > 0.05) and ($\beta = -0.04$, p-value > 0.05)
respectively. It shows that Organizational Climate also does not have any moderating role between the relationship of Providing Visions and EIWB. Same is the case with Delegating and EIWB.

Findings of the analysis provided a base to accept hypothesis 6b ($\beta = -0.006$, p-value < 0.05). As a moderating variable, Organizational Climate has a significant impact on the relationship of Support for Innovation and EIWB. But the $\beta$ value -0.006 is very low, which depicts a weaker moderating role of Organizational Climate between Support for Innovation and EIWB. Hypothesis 7b was developed between Recognition and EIWB with Organizational Climate as a moderating variable. Insignificant values are a reason to reject this hypothesis as well ($\beta = -0.032$, p-value > 0.005).

Similarly, hypothesis 8b was also rejected because of unfavorable results and insignificant p-value ($\beta = 0.011$, p-value > 0.005). The findings proved that Organizational Climate does not strengthen the link between Role modeling and EIWB as a Moderator. The last hypothesis 9b is accepted ($\beta = 0.085$, p-value < 0.05). Here, a significant p-value shows that Organizational Climate has an impact as a Moderator between Intellectual Stimulation and EIWB with a negative value of $\beta = -0.085$. Thus, six hypotheses are rejected, and only three hypotheses are accepted. The results depict a very weak moderating role of Organizational Climate between leader behaviors and EIWB. These findings are contrary to many of the previous studies conducted by different scholars (Randel et al., 2016; Scott and Bruce, 1994; Kernan et al., 2016; Bain, Mann and Pirola-Merlo, 2001). This study counters the myth that Organizational Climate plays a moderating role between leadership and EIWB in all research settings. But in the banking sector of Pakistan, the results are opposite to the common perception. Local culture, a primary focus merely on business results and a weak organizational culture can be the core reasons of the exclusive findings of the study.

**Conclusion**

The study was conducted with an aim to examine the role of Organizational Climate as a moderating variable between leader behaviors (independent variables) and EIWB (dependent variable). Nine hypotheses were developed for this purpose. Findings of the study revealed that Organizational Climate plays the role of a moderating variable with a weaker beta value for only three leader behaviors with EIWB. These leader behaviors are Monitoring, Support for Innovation and Intellectual Stimulation. Therefore, three hypotheses pertaining to these variables were accepted. However, the rest of the six hypotheses were rejected based on insignificant statistical evidence. According to findings of the study, Organizational Climate does not play a role of moderating variable for the leader behaviors Rewarding, Informing, Providing Vision, Delegating, Recognizing and Role Modeling with EIWB.

It can be interpreted that Organizational Climate in the banking sector of Pakistan does not provide any significant support for a positive link between most of the leader behaviors and EIWB. A weak and unsupportive Organizational Climate is a hindrance to effective leadership and innovative work behavior in bank employees. Therefore, Organizational Climate cannot be considered as a strong moderating variable between leader behaviors and EIWB. The findings of the current study are not consistent with some of the past studies done in Western countries where Organizational Climate proved to be a strong moderator between leader behaviors and EIWB. This contradiction might be attributed to cultural differences and variations in organizational cultures between the West and Asia. A Western work environment focuses more on improving organizational culture that results in a better perception of that organizational culture. On the other hand, banks in Pakistan focus on business results by intensive selling instead of improving organizational culture to achieve innovative outcomes.

Openly accessible at [http://www.european-science.com](http://www.european-science.com)
Suggestions for Future Studies

It is suggested for researchers to conduct another study using the same model on other Asian countries to explore the results and validate a major applied difference between Organizational Climates of the West and Asia.

Further leader behaviors can be added in future studies to explore whether the results of other leader behaviors are consistent with the current model.

Policy Implications

In light of the empirical results of this study, it is recommended to the higher management of the banking sector of Pakistan to give special focus to improving Organizational Climate. A strong organizational culture can create a favorable perception of Organizational Climate as a whole. Hence, it is essential that all the managers of the banking sector play the role of a leader, an act which can change organizational culture for the better.

Organizational Climate can be improved by developing and implementing employee-oriented policies and by creating a positive work environment. New mission statements and values can be developed with more emphasis on improving the elements of organizational culture. Employees must be aware of new mission statements and organizational values to build a healthy work-culture at banks in Pakistan.

It is also suggested that management in the local banking sector implement rules and regulations that enhance collaborative organizational culture, delegation of authority, trust and friendly communication between leaders and employees. These steps and modifications in policies can help to improve Organizational Climate in the banking sector.

References


