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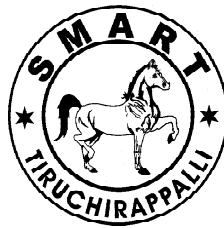
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DRIVERS OF EMPLOYEE PRODUCTIVITY : A BANKING PERSPECTIVE

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Abstract

The foremost concern of business organizations is to sustain the employees' performance at the workplace, by implementing innovative strategies. The objective of this study was to analyze the mediating effect of employee creativity and wellbeing, in the relationship between Innovative Climate (IC) and Organizational Citizenship Behavior (OCB) in the banking sector of Vehari, Pakistan. Data were collected through structured questionnaires, from 232 bank executives. PLS-SEM was used, to test the accuracy and significance of the hypothesis. The results revealed that creativity and well-being did mediate in the relationship between IC and OCB. The research established that innovative climate enhanced the employee working behavior, through employee creativity and psychological wellbeing. More specifically, a friendly and innovative climate did have a positive effect on employee creativity, wellbeing and working behavior, which are essential for a productive workforce.

Keywords: Innovative Climate, Employee Creativity, Wellbeing, Organizational Citizenship Behavior

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1. Introduction

In response to rapid technological advancement, working climate of a firm becomes essential because its absence leads to a disrupting effect on the work-life of personnel resulting in low productivity. Hence employee creativity and wellbeing are the key factors of employee productivity, that could affect firm performance (FP). No wonder business firms are striving hard to ensure that their employees remain happy and motivated at work (McMurray et al., 2010; Schultz, et al., 2015; Waheed et al., 2019). A happy workforce is a productive workforce. This has kindled researchers' and marketing specialists' interest in this area of study. Human capital is considered a vital asset for an organization in today's dynamic market and FP is linked to the performance of its workers. Accordingly, worker collaboration with supervisors, helps to accomplish their organization goals. In other words, FP depends upon Organizational Citizenship Behavior-OCB (Sofiah et al., 2014). As a result, every organization mobilizes its personnel to undergo transformation and progress into the new condition (Hatjidis et al., 2019).

This continuously helps organizations to augment their core competency, with the help of human capital, which is strategically important in obtaining a competitive advantage (CA) over their rivals in the marketplace. The importance of OCB is getting widespread acceptance from organizations in different industries (Sofiah et al., 2014), especially, in banking, higher-education institutions, and information technology (Azeem and Akhtar, 2014). OCB is the distinct conduct of a worker (Organ, 1988), and it is conducive to the business organization in developing a competent and skilled workforce (Acaray and Akturan, 2015). Innovative friendly organizations adopt motivating strategies

like incentives, recognition, and promotions, to create a healthy working environment and utilize it as an effective tool, to foster employee wellbeing and productivity (Azeem et al., 2019). The "affective events theory" (AET) could also be used, as a tool for explaining the mediating effect of psychological wellbeing (Weiss and Cropanzano, 1996). According to AET, human emotions have numerous individual and employment-related consequences. Creativity and wellbeing positively influence employee positive behavior and organizational commitment, both of which are considered important features of the organization's progress (Obiora, 2015). This study analyzes the mediating role of creativity and employee wellbeing in the relationship between innovative climate and organizational citizenship behavior, in the banking sector of Vehari, Pakistan.

2. Review of Literature

Firm climate plays a vital role in providing harmony among personnel in the firm. Innovative Climate (IC) has significantly affected the employee working attitude and FP (Waheed et al., 2019). Guo (2011) defines an innovative climate as "an atmosphere within an organization, that fosters and propagates creative mechanisms, to achieve organizational outcomes and has in place various traits among organization members that are conducive to creative and innovative ideas". IC potentially reshaped employee's creativity, developed unique approaches and turned them into a positive attitude, that is conducive to accomplish organizational goal (Odesola, 2016). Ahmed et al., (2019) argue that organizational climate optimized the employee motivation and creativity, resulting in high-performance (Kremer et al., 2019). Creativity is defined as "The generation of ideas, that has to be organized and initiated by the senior management of an organization" (Wu et al., 2008). Employee creativity (EC)

improves with the help of colleagues' cooperation at work, open correspondence, and informative feedback (Zhou and George, 2001). Innovative firms have a better ability to respond to unpredictable challenges and threats (Reiter-Palmon and Illies, 2004). Employees' creativity, motivation, and capability collectively contribute to their performance (Iqbal et al., 2012). In other words, flexible work environment can encourage personnel to come up with new ideas, in a high-performance climate, which are essential for organizational survival.

Workplace wellbeing helps physical and mental state of personnel, to achieve organizational objectives. Tonkin et al., (2018) defines wellbeing as "a combination of feeling good and functioning well". Organizational climate helps workers' perception with respect to conditions, factors, and events in the firm. Psychological wellbeing is predominantly concerned with people's everyday worries, usually associated with work (Ryff and Keyes, 1995), as it integrates their "day-to-day feelings and evaluations of lives" (Gondlekar and Kamat, 2016). Wellbeing represents the workers' perceived psychological outlook towards life. Wright and Cropanzano (2004) affirmed that psychologically-well people are innovative and creative and they effectively employ modern practical techniques at work, which increases their productivity. OCB is manifested as the most important component for facilitating employees' productivity, which is linked with the working environment and organizational performance (Oplatka, 2009). OCB is defined as "individual behavior, that is discretionary, not directly or explicitly recognized by formal reward systems and that eventually promotes the effective functioning of the organization" (Organ, 1988). Innovative climate might persuade employees' OCB, that

would impact their performance (Shahin et al., 2014). This provides cooperation at workplace and helps understanding between personnel and employer, that is indispensable for organizational progress.

3. Statement of the Problem

Extensive change in the present business environment caused pressure on employee work performance and a disrupting effect on personnel work-life, which brings forth low-productivity and turnover intention. This becomes a leading challenge for private organizations in expanding and sustaining good organizational citizens, to help out in continued organizational progress. However, works on innovative climate in the context of banking sector in Pakistan, are scarce. Hence this study is uniquely the first attempt to explore the factors, that contribute to employee productivity and organizational development in a performance culture, by evaluating the role of innovative climate on employee creativity, wellbeing, and organizational citizenship behavior, in the banking sector of Pakistan.

4. Need of the Study

The necessity for this study was based on the requirement, to see how a productive workforce could be an imperative element in contributing to organizational performance. This study developed a unique framework, that would enable executives, business specialists, and researchers, to determine and comprehend about the drivers that boost employee productivity.

5. Objective of the Study

This research study examined the impact of innovative climate on creativity, wellbeing, and organizational citizenship behavior, in the banking sector of District of Vehari, Pakistan, by using the Partial Least Square.

6. Hypotheses of the Study

The hypotheses of the study were:

H1: Innovative climate is positively associated with organizational citizenship behavior.

H2: Innovative climate is positively associated with employee creativity and wellbeing.

H3: Employee creativity and wellbeing are positively associated with organizational citizenship behavior.

H4: Creativity and wellbeing have a mediating effect on innovative climate and organizational citizenship behavior.

7. Research Methodology

7.1 Sample Selection

The target population was bank executives i.e. (Branch Manager, Relationship Manager, and Marketing Manager, etc), working in different banks of the District of Vehari, Pakistan. In the District of Vehari, approximately 160 bank branches operate, such as private, local, and foreign banks. Almost seven bank officers are working in each branch and therefore, the total population, for the proposed study, was approximately 1120. As this was a behavioral study, the most commonly used method of selecting sample size, as suggested by **Krejcie and Morgan's (1970)**, was used. By using the Krejcie and Morgan's table, a sample size of 285 bank executives was considered for this study. To get a maximum response rate, all 285 questionnaires were distributed personally and out of which 232 error-free questionnaires were considered for the statistical analysis. The response rate was 81%.

7.2 Source of Data

A structured questionnaire was administered, to gather the primary data from bank executives, working in the District of Vehari, Pakistan. A simple random sampling

technique was used for this study. However, definitions, literature and references supporting this study, were based on secondary data, taken from previous studies.

7.3 Period of Study

All these activities were recorded throughout the period from January to March 2020.

7.4. Tools used for the Study

The study employed four variables. **Figure-1** presents the association between the variables employed in the study. The innovative climate was the independent variable and its 4 items were adopted from **Waheed et al., (2019)**. For mediating variable, that is, creativity, its 4 measurement items were adopted from **Zhang and Bartol, (2010)** and for wellbeing, its five measurement items were adopted from **Haider et al., (2018)**. OCB was the dependent variable and its four items were based on **Cardona et al., (2004)**. Responses were stated on a 5 point Likert scale, where 1 was for the "strongly disagree" and 5 for the "strongly agree". PLS-SEM was employed, to evaluate the measurement model and the structural model. For this purpose, SmartPLS 3.26 was used. In the measurement model, PLS-algorithm was used to examine internal consistency, scale reliability, convergent validity, and discriminant validity (**Hair et al., 2014**). The next step in the structural model was bootstrapping, to evaluate the relevancy and significance of hypothesized relationships.

8. Data Analysis

8.1 Measurement Model for Checking Reliability and Validity

Reliability and Validity are essential measurement instruments, to test the accuracy of the data (**Tavakol and Dennick, 2011**). Reliability was used to check internal consistency. The reliability of a test is associated

with its validity. A mechanism cannot be considered valid unless it is reliable. A commonly known criterion to test reliability quality is the Cronbach's alpha and composite reliability (CR), and the standard value of 0.70 up to 0.90, revealed higher internal-consistency reliability. In the second step, the convergent validity (CV) was checked. Convergent validity is the extent to which a measure correlates positively with alternative measures of the same construct (Hair et al., 2016). The convergent validity is checked by the average variance extracted (AVE). Hair et al., (2014) stated that "AVE value of 0.50 or higher, indicates that on an average, the construct explains more than half of the variance of its indicators". Another step to estimate the CV is the factor loading of the items. If the threshold value for factor loading is 0.708 or higher, it shows that the indicator is reliable. Table-1 demonstrates the results of the factor loading, Cronbach's alpha, Composite reliability, and AVE. Thus reliability and validity were achieved.

8.1.1 Discriminant Validity of Fornell Larcker Criterion

For discriminant validity, the Fornell Larcker Criterion was employed. Fornell and Larcker (1981) stated that in the correlation matrix, the square root of every construct of AVE checks the comparability, through its bivariate correlations, with all divergent constructs (Grégoire and Fisher, 2006). Discriminant validity subsists when the square root of AVE for each element exceeds the values of its bivariate correlations. The results of the Fornell Larcker Criterion were satisfactory, as evident from Table-2.

8.2 Structural Model for Testing the Mediation Effect

Results of bootstrapping provide the significance of hypotheses and if the t-value of a variable is 1.96 or higher, it shows a positive and significant relationship. To test the mediation

effect, Baron and Kenny's (1986) approach was employed. In the first step, the effect of the independent variable (IV), on the dependent variable (DV), in the direct-model must be significant. At T-value being 10.875 and P-value being 0.000, the effect of IC on OCB was significant. Hence, H1 was accepted. Secondly, the effect of IV on mediators and effect of mediators on DV must be significant. The effect of IC on creativity (T-value= 10.743, P-value= 0.000) and IC on wellbeing (T-value= 10.622, P-value= 0.000) were significant. Hence H2 was accepted. The effect of creativity on OCB (T-value= 3.287, P-value= 0.001) and wellbeing effect on OCB (T-value= 6.605, P-value= 0.000) was also recorded significant. Hence H3 was accepted. Finally, in the indirect-model, effect of IV on DV, in the presence of mediating variable, must be significant. With T-value at 3.483 and P-value at 0.001, there was significant effect of IC and OCB, in the presence of creativity and wellbeing in the indirect model, Hypothesis 4 was accepted. Table-3 shows the results of the testing of hypotheses.

9. Findings of the Study

The findings of this study revealed that innovative climate, employee creativity, and wellbeing did influence the organizational citizenship behavior. This study found that all hypotheses were accepted. The organizational innovative climate had considerably influenced organizational citizenship behavior, due to its systematic setting in private organizations. In other words, a flexible climate is indispensable to align the personnel with organizational objectives and create optimistic organizational citizenship, that can drive continuous organizational progress in a dynamic marketplace. Finally, this research identified that innovative climate, employee creativity, and wellbeing are the key factors, that contribute to employee productivity, conducive enough to sustain good organizational citizens.

10. Suggestions

The outcome of this study would be beneficial to executives and workers because when administrators were aware of how organizational climate can influence employees to achieve the appropriate level of performance, they would be functional in an effective innovative climate. Hence managers are advised to promote OCB and encourage workers to acquire innovative capabilities, that can help them in performance improvement because this is an inseparable component of every business firm. Finally, it is suggested that the policymakers should set up a flexible and supportive working environment that can accelerate employees' working behavior and facilitate efficiency, resulting in better organizational performance.

11. Conclusion

The objective of this investigation was to analyze the mediation effect of employees' creativity and well-being, in the relationship between innovative climate and organizational citizenship behavior (OCB), in the banking sector of Vehari, Pakistan. The outcome of this study revealed that employee creativity and wellbeing could mediate the relationship between innovative climate and organizational citizenship behavior. More directly, employee creativity and wellbeing are the key driving forces, that enhance employee productivity and keep them motivated at the workplace (Azeem et al., 2019). The finding suggested that innovative practices can flourish in a friendly and innovative climate, that improves employee working behavior and in the process, increase their working efficiency and firm performance.

12. Limitations of the Study

First, this investigation was limited to the banking sector of Vehari, Punjab, Pakistan, because other areas of the country might

produce different characteristics and results. Finally, this research was based only upon the facts collected about the behavioral reflection of the employees such as employee creativity and wellbeing at work.

13. Scope for Further Research

It is suggested that future studies may investigate the psychological safety climate and employee empowerment, by using time-lagged data.

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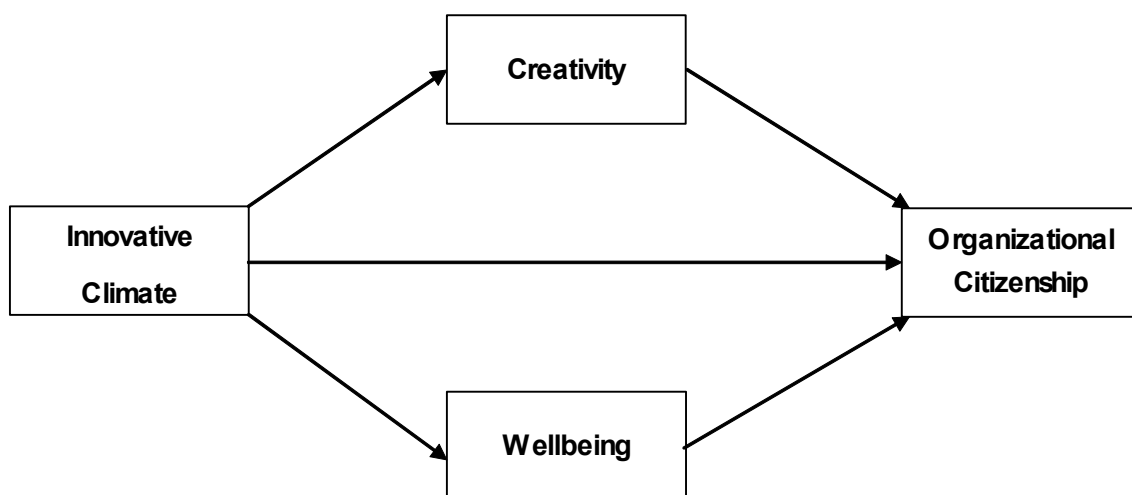
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Figure-1: Research Model



Source : Developed by Authors

Table-1: Results of Reliability and Validity Test in connection with Drivers of Employee Productivity

Constructs	Indicators	λ^1	A ²	CR ³	AVE ⁴
Employee Creativity	EC1	0.777	0.836	0.890	0.670
	EC2	0.829			
	EC3	0.838			
	EC4	0.830			
Innovative Climate	IC1	0.844	0.878	0.916	0.732
	IC2	0.864			
	IC3	0.846			
	IC4	0.869			
Organizational Citizenship Behavior	OCB1	0.831	0.871	0.912	0.721
	OCB2	0.857			
	OCB3	0.856			
	OCB4	0.851			
Wellbeing	WB1	0.792	0.872	0.907	0.661
	WB2	0.793			
	WB3	0.808			
	WB4	0.870			
	WB5	0.801			

Source: Primary Data computed using Smart PLS 3.26

Note: 1 Factor loadings; 2 Cronbach's alpha; 3 CR=Composite reliability; 4 AVE = average variance extracted

Table-2: Results of Fornell-Larcker Criterion

	EC	IC	OCB	WB
EC	0.819			
IC	0.569	0.856		
OCB	0.692	0.583	0.849	
WB	0.738	0.572	0.753	0.813

Source: Primary Data computed using Smart PLS 3.26

Table-3: Results of Hypotheses Testing in connection with Drivers of Employee Productivity

Hypothesis	Relations	Parameter Estimator	T-value	P-value
H ₁	Innovative climate → Organizational Citizenship Behavior	0.585	10.875	0.000
H ₂	Innovative climate → Employee Creativity	0.569	10.743	0.000
	→ Wellbeing	0.573	10.622	0.000
H ₃	Employee Creativity → Organizational Citizenship Behavior	0.241	3.287	0.001
	→ Wellbeing			
	→ Organizational Citizenship Behavior	0.476	6.605	0.000
H ₄	Innovative climate Organizational Citizenship Behavior → Employee Creativity	0.174	3.483	0.001
	→ Wellbeing			

*** P-value < 0.01.

Source: Primary Data computed using Smart PLS 3.26