

**Impact of Transformational Leadership on Innovative Work
Behavior Under the Moderation of Knowledge Sharing with the
Mediating Role of Work Engagement in Banking Sector Islamabad**



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CERTIFICATE

This is to certify that this thesis entitled: **“Impact of Transformational Leadership on Innovative Work Behavior under the Moderation of Knowledge Sharing with Mediating Role of Work Engagement in Banking Sector of Islamabad”** submitted by Syed Naila Shah is accepted in its present form by the Department of Business Studies, Pakistan Institute of Development Economics (PIDE), Islamabad as satisfying the requirements for partial fulfillment of the degree of **Master of Science in Management Sciences**.

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DEDICATION

I dedicate this effort to my family and my teachers who always guided me.

**Their love, kindness, encouragement, appreciation and prayers have
brought me to a place where I stand today.**

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All and every praise are upon *Almighty Allah*; **HE** has always bestowed upon me and given me courage, strength and direction to complete this thesis. I would like to thank **HIM** for all the blessings and pray to for **HIS** guidance and protection throughout my life. At this moment of accomplishment, I am greatly indebted to my supervisor, **Dr.Hassan Rasool**, who offered me his mentorship, fatherly love and care. This work would not have been possible without his guidance, involvement, support and encouragement on daily basis from the start of this thesis till date. Under his guidance, I successfully overcame many difficulties and learnt a lot. His own vehemence, passion, unflinching courage and conviction have always inspired me to do best. He has taught me to stay happy and positive every time and for all these, I sincerely thank him from the bottom of my heart and will be truly obliged to him.

DECLARATION

This is to certify the research work for the thesis titled “*Impact of transformational leadership on innovative work behavior under the moderation of knowledge sharing with the mediating role of work engagement*”. Has not been submitted before and shall not in future be submitted for obtaining a similar degree from any other university. No part of the work has been plagiarized from any source and relevant references have been cited wherever necessary. To the best of my knowledge, It does not contain any material previously written or published by anyone else, except where appropriate references are cited in the text.

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ABSTRACT

The main purpose of this research paper was to investigate the role of transformational leadership in boosting up and encouraging the followers' to engage in the innovative behaviors through work engagement and knowledge sharing. The data was collected from a sample of 350 private sector bank employees in Islamabad. SPSS software was used for analysis. The result showed that transformational leadership and was positively related to innovative work behavior. The findings also showed the obvious and significant impact of transformational leadership on work engagement and its consequent positive effect on the innovative work behavior. Also the results supported the mediation of work engagement between transformational leadership and innovative work behavior. Furthermore knowledge sharing also moderates the relationship between transformational leadership and innovative work behavior .To encourage employees to participate in the innovative activities, the leaders should take initiative to keep them engaged and utilize their mental faculties by stimulating them and maintaining an environment of knowledge sharing in the organization.

Key words: Transformational leadership, work engagement, knowledge sharing and innovative work behavior.

CHAPTER ONE

INTRODUCTION

1.1 Background

Innovative work behavior has become more conspicuous and meaningful in today's rapidly changing globalized environment. (Woods *et al.*, 2017) and an utmost requirement for the survival and existence of organization (Hon & Lui., 2016; Li & Hsu, 2016; Kim & Koo, 2017). The organizations need to uplift and enhance their innovative abilities and the creative dimensions of the employees need to be tapped in (Lee & Pati, 2017). For the promotion of growth in economy, service sector has played its role important very well on its part in many countries (Wang and Tsai 2014). Due to the existence of internet, web-based services and the growth in high-technology services, efficacious and economic role is being played in the knowledge intensive business sector (Desmarchelier *et al.* 2013). The banking sector in knowledge intensive business services is rapidly extending its contribution in the economy and its activities (Das 2013; Wang and Tsai 2014). In the era of global banking, innovation has played its productive role for the competitive advantage (Bysted 2013). Competitive advantage in banking sector is gained through innovation by high performance and to sustain it as well by appealing new customers and to retain the existing ones. (Rahman *et al.* 2015). Opportunities for the self development of employees and spreading of knowledge are being highly linked to innovation in knowledge-intensive organizations (Bos-Nehles *et al.*, 2017). The significances of creating and implementing an innovative culture in knowledge intensive organization lies in the bottom up and not top down management (Bros-Nehle *et al.*, 2017).

Innovative work behavior (IWB) is a significant element that management scholars need to think to attain competitive advantage (Martin & Terblanche, 2003). Besides R & D, the organizations need innovative working behavior when they are working in growing business environment(Lee & Wong,2017) for the satisfaction of their customers(Chowhan,Pries & Mann,2017; Javed *et al.*,2018) and to maintain their dominant position in the global business(Shally & Gilson,2004).According to Nazir *et al.*,(2018),the leaders in organizations are main factors responsible for boosting up innovative work behavior and sorting out ambiguous situations.

According to Rosenbusch *et al.*,(2011), innovation is defined as bringing about the radical ideas and their efficient introduction to the organization which serves a great purpose for the success of organization. The circles of innovation is not only limited to the big ideas which bring change to the current values being practiced in the organization but also includes minor and petty uplifts and changes which help in completion of routine challenges(Camison- Zaoroza *et al.*, 2004; Weinberger *et al.*, 2018). The innovation that organization witness everyday at small scale have their roots in emerging of new ideas and concepts (Weinberger *et al.*, 2018). The process of innovation is not only restricted to R & D department but all the organizational areas must witness it for uplifting the productivity of the organization (Lee & Wong, 2019). The employees give their best in terms of their competencies and best version of their discretionary behaviors (Ramamoorthy, Flood, Slattery & Sardessao, 2005) where the creation, promotion and implementation of new ideas take place. Consequently it leads to shaping their innovative work behavior (IWB). (Janssen,2000) that fuel the capacity of organization to cope up with the environment of competition(Javed *et al.*, 2019). According to Sander *et al.*, (2010), the researchers identified elements which make their contribution in IWB. And Afsar,

Badir & Saeed (2014) concluded that leadership was the significant element which plays its role in the enhancement of innovative work behavior of the employees. The leadership is the key agent pointed out to bring improvements in the organization (Amabile, 2012; Javed *et al.*, 2019) and the literature proves it even.

According to research, innovative work behavior is a complicated process consisting of behaviors other than routine where new ideas are being talked about, traditional approach of thought is abandoned and the status quo is given a challenge in form of disagreement with the supervisor (Kessel, Hannemann-Weber & Kratzer, 2012). It was very clear that radical ideas would fail in this kind of environment (Mathisen, Einarsen & Mykletun, 2012). In the view of Gong, Cheung, Wand & Huang (2012), this kind of behavior on the part of employee was always turned down because it was taken as rebellion behavior at work place. As a result the employees supporting and talking about innovations were taken as those creating disharmony in the organization by the leaders (Miceli, Near & Dworkin, 2009). Such employees suffered demotion or termination for their support of innovation (Ashford, Sutcliffe & Christianson, 2009). So the employees thought psychological empowerment as an effective tool to fulfill the purpose of innovation (Afsar & Badir, 2016). Psychological empowerment enabled the employees to gain and achieve authority, capabilities and along with the feedback to originate innovative work behavior (Orth & Volmer, 2017).

To bring innovation, leadership style keeps a great importance and transformational leadership can be considered the effective one. Transformational leadership has gained a lot of importance in the literature (Schmitt, Den Hartog & Belschak, 2016). According to Bass and Riggio (2012), transformational leadership is the process of people transformation. It is an effort to

enhance organizational effectiveness and the followers' performance by altering their personal values and self concepts. The base line of this assumption is that leader needs to respect, appreciate and trust the followers to earn their loyalty and everyone makes his contribution in it. Thanks to leader's expression of vision and norms establishment, the followers can achieve organizational objectives and the desired results (Hochetal, 2018). Many researchers extend the idea that transformational leadership inculcates commitment in subordinates, upgrade their performance and galvanize their problem solving skills (Mittal & Dhar, 2015; Yukl, 2013). It enunciates the intrinsic motivation of followers, their ethical behavior, the reinforcement of leadership and shared vision and goals among the team members.

Brass and Riggio (2012) says that transformational leadership has four dimensions; (a) idealized influence which gives confident expression to organizational vision, impart admiration and respect and spotlight the accomplishments (b) inspirational motivation helps the followers to achieve the goals of organization (c) intellectual stimulation, the leader prowls radical problem solving methods, motivates them to investigate and inquire about the assumptions and boosting up their imaginations and newness in reconsidering and revising the old approaches(d) The leader builds up interacting relationships with his employees and gives attention to their individual needs by their individualized consideration style. These behavioral patterns produce positive effect on the followers by upgrading them for their best input, motivating them by the ambition of accomplishment and self development. Transformational leadership offers value exchange, reciprocated growth and common and bilateral aims that amplify the leader's and followers' level of morality. .

Transformational leadership is considered as the important and basic element need for innovation(Wang *et al.*,2011) and creativity(Kark,Van Dijk & Vashdi,2018) within the companies ,specially talking about the startups(Zach & Baldegger,2017).Many research projects have been linked to transformational leadership and its impact as theory is profoundly compiled in many meta-analysis(Grant,2012). Academic work on transformational leadership has given so much information about the impact of leaders on the organization via visionary leadership like motivation to learn, boosting growth and clear vision of future (Grant, 2012). Transformational leadership has more in common with visionary leadership where employees are being motivated and encouraged to excel specific expectations (Doucet, Fredette, Simard and Tremblay,2015). According to Tajasom, Hung, Nikbin and Hyun,(2015),transformational leaders assist and direct their followers to attain organizational objectives and mission by personally working with them . They influence their followers by altering their belief, values, attitude and behavior. They boost up and encourage their followers in a way going beyond the rewards and exchange. The theories of transformational leadership prove that this kind of leadership leads to emotional attachment of the follower for leader.

In charismatic context, transformational leadership is proved very striking and efficient (Knippenberg & Sitkin, 2013). To teach leadership skills is significant for young learners as they could master different skills like communication skills, decision making skills, listening and convincing others and conflict resolution skills and they all demand undertaking responsibility and trust. (Keskes, 2014). Albeha, Carneiro and Cavazotte (2018) display the significance of gender in terms of followers to transformational leadership, showing that females are more susceptible to the leaders with transformational leadership. According to Fieder, Wang and

Oh(2018), transformational leadership is a meaningful factor in the social context and the indirect effect of personality traits is being moderated by it related to sales people work(i.e. conscientiousness, extraversion, and openness to experience) in work performance and elevate the concept of importance of their work. So it is critical to keep in consideration the profile, behavior and characteristics of the followers along with the transformational leader.

Hislop (2013) described KNOWLEDGE SHARING as the interaction between implicit and explicit knowledge relevant to the task at hand. Lin (2007) identified knowledge sharing as involving the carrier and requester of knowledge, while Ardichili, Page, and Wentling (2003) proposed that knowledge sharing includes a supply of and demand for new knowledge. Indeed, knowledge sharing can provide the basis for more radical innovation to occur in organizations (Zhou & Li, 2012). For the purpose of this paper, knowledge sharing is defined as a two-dimensional process, as described by (Hooff & Weenen, 2004), with staff sharing and exchanging tacit and explicit knowledge, with interactions creating new knowledge through the process of knowledge exchange, donation, and collection

WORK ENGAGEMENT is a term used to describe the extent to which employees are involved with, committed to, enthusiastic, and passionate about their work (Macey & Schneider, 2008). According to the bestselling book, *First, Break All the Rules*, which first compiled the results from the Gallup organization's program of research on engagement; fewer than one in every five workers is actively engaged in their work (Buckingham, 1999). Most efforts to measure engagement have been at the level of the individual worker. These individual-level scores can be aggregated to measure engagement at the organizational or work group level as well. The Utrecht Work Engagement Scale (UWES) is a popular tool that measures three areas of work

engagement representing behavioral, emotional, and cognitive dimensions (Schaufeli, Bakker, & Salanova, 2006). These three dimensions correspond to worker engagement themes of vigor, dedication, and absorption, respectively, in one's work. The emotional vigor component of worker well-being has proven to be especially important in explaining why employees give effort at work (Robinson, Perryman, & Hayday, 2004; Towers Perrin, 2007) and can be measured by its own 12-item scale (Shirom, 2003; Smith, Wefald, Downey, & Gopalan, 2008).

1.2 Purpose of Study

This is the study of banking sectors since this sector needs to be more responsive to innovative demands because of interference of information technology. It's a three way interaction among variables i.e. Transformational leadership X Work Engagement X Innovative Work Behavior. The purpose of this study is twofold. First we attempt to explore the mediating role of work engagement in relationship between transformational leadership and innovative work behavior and secondly investigate the moderating effect of knowledge sharing in the above mentioned relationship in the context of banking. This study not only explains the link between transformational leadership, innovative work behavior, work engagement and knowledge sharing but also reflects the fact that transformational leadership brings innovative work behavior in the organization. The main purpose of this research paper was to investigate the role of transformational leadership in boosting up and encouraging the followers' to engage in the innovative behaviors through work engagement and knowledge sharing The contribution to the management is to provide them with the knowledge about the effects of transformational leadership on IWB. In transformational leadership, leaders focus on motivational development and encourage the employees by establishing and initiating an inspiring vision of future (Brass, 1997).It holds the opinion that banking

sector can be benefitted by adopting TL style to bring IWB in employees. There is a significant relationship between leadership and followers' performance.

1.3 Problem Statement

Leadership is the biggest challenge in banking sector of Pakistan since it's one of the fastest growing sectors in the business world and needs novel and innovative ideas to be worked upon in this regard. The rank of Pakistan is on second number in South Asian countries when it comes to its performance, says the World Bank in one of the study report (Rehman & Raouf). The challenges in the banking sector have increased due to fast growing competition, national economy's lots of burden and changed monetary policies. There are macro level changes in this industry that need to be addressed and compel us to focus on technology being used plus the customer services which are being delivered. The bank regulation in Pakistan are another reason for choosing transformational leadership as independent variable being studied in this sector. Effective leadership is being called upon due to stress of long working hours, lack of commitment on part of employees and huge turnover rate for the maintenance of growth, innovative behavior and attaining the enhanced objectives. This very moment demands the understanding on the part of top management to develop and implement the strategies which may prove helpful in satisfying, retaining and keeping the employees motivated for giving their additional input. To fulfill this purpose it needs an effective and leadership style to achieve the set goals and objectives and also introducing the elements of innovation in it. Different cultures reflect different leadership styles. So focusing on banking sector of Pakistan, what is the role of transformational leadership in satisfying, retaining encouraging and boosting up innovative work behavior in the employees of banking sector? This

would be of great help to them in adopting and changing leadership styles for the purpose of goals and objective achievement.

1.4 Research Gap

Most of the studies are conducted which define the relationship of these variables. The conceptual framework on Transformational leadership as IV, Innovative Work Behavior as DV and Work Engagement as Mediator developed by (Hui Li *et.al*,2019) in Influence of Transformational Leadership on Employee's Innovative Work Behavior in Sustainable Organization: Test of Mediation and Moderation Processes is being adapted in this study and the future directions given are taken into consideration . In the stated paper, the study was conducted in an NGO in Chinese culture with sample size of 281 and the author in this suggested that banking sector should be chosen with population of more than 281 samples and Knowledge Sharing is being taken as moderator and this study has been conducted in Pakistani culture which gives the glimpses of newness to this research paper.

1.5 Significance of Study

The main theoretical contribution of this article is for the banking sector highlighting the importance of transformational leadership when analyzing innovative work behavior of employees. It will serve a learning purpose for academicians to know about role of transformational in the boosting up the innovative work behavior of banking sector employees. In addition, it will serve a great purpose for future reference studies in this area of research since the suggested future direction have been followed. At some point, this study may help the organizations in adopting TL and give them more awareness about banking in the developing countries to conduct the skills of employees and strengthen their innovative work behavior. Both, the individual and the organization can be reciprocally benefitted by the application of

these behaviors. Leaders have to also keep in mind that although transformational leadership has been found effective and contributes to outstanding leadership. The development of individualized trainings and uplifting of intellectual stimulation in transformational leadership can be the abstract of this very information. And it can help managers to develop transformational leadership skills to get more innovative outcomes in an organization and that transformational leadership gives inspiration to the employees with a great and vast vision for innovative organization, stimulates employees' intellectual activities and creates a cooperative and helpful working environment, which consequently has a positive effect on innovative behavior.

1.6 Research Questions

1. Does any positive relationship exist between Transformational leadership (TL) and Innovative Work Behavior (IWB)?
2. Does any positive relationship exist between Transformational Leadership (TL) and Work Engagement (WE)?
3. Does any positive relationship exists between Work Engagement (WE) and Innovative Work Behavior (IWB)
4. Does Work Engagement (WE) mediates and Knowledge Sharing (KS) moderates the relationship between Transformational Leadership (TL) and Innovative Work Behavior (IWB)?

1.7 Research Objectives

1. To examine the relationship between Transformational Leadership (TL) and Innovative Work Behavior (IWB).
2. To examine the mediating effect of Work Engagement(WE) between Transformational Leadership (TL) and Innovative Work Behavior (IWB).

3. To examine the moderating effect of Knowledge Sharing (KS) between Transformational Leadership (TL) and Innovative Work Behavior (IWB).
4. To examine the relationship between Work Engagement (WE) and Innovative Work Behavior (IWB).

CHAPTER TWO

LITERATURE REVIEW

The proceeding paragraphs of literature review educates the readers about the relationship of transformational leadership with innovative work behavior, transformational leadership relation with work engagement, work engagement relationship to innovative work behavior, the mediating role of work engagement between transformational leadership and innovative work behavior and the moderating role of knowledge sharing between transformational leadership and innovative work behavior. The theory that gives effective explanation of the above stated relationships is given below.

2.1 Leader Member Exchange Theory

What we call today leader member exchange theory had the name of vertical dyad theory developed by George B.Graen and Mary Uhl-Bien in 1975. The leader member exchange (LMX) theory is based on the approach of two way dyadic relationship between the leader and his followers. It says that leaders makes an exchange with his subordinates and the quality of this relationship affects the subordinate's responsibility, his decision and approach to resources and performance. Trust and respect is the base for these relationships which go beyond the organizational tasks in form of emotional attachments. The purpose of this theory is to show the impact of leadership on members, teams and organization. The leader develops trust, emotional and mutual respect with only some of the members and not with everyone. The behaviors and attitudes related to work totally rely on how the leader treats them. Gerstner &Day concluded that there exists a strong and positive correlation between how the members perceive LMX and how leaders fill up the

ratings of the employees' job performance. The presence of positive LMX relationship gives the advantage to the employee by getting more favorable ratings. Beside this LMX perception may become a reason for the leader in the formation of positive or negative presumptions that can backlash the actual performance of employee and not performance rating only. Each subordinate \supervisor pair is reflected in different prospect in LMX as an individual dyad showing its own relationship. Behavioral and attitudinal aftermath is being anticipated at the individual, group and organizational levels by this dyadic relationship. This theory comprises of four stages.

2.1.1 Vertical dyad linkage:

The managerial processes at the organizational level occur on dyadic basis with the managers having different kinds of relationships with those reporting to working with them .Different employees have different perceptions about the same person. It's because of the existence of in-group and out-group. The in-group members become the key players in the work unit .The members of in-group are given power, authority and enjoy mutual trust and their mistakes are being treated as a chance to learn. While the out-group does not enjoy these privileges with low quality of exchange in relationships.

2.1.2 Leader-member exchange:

In this stage the focus changes from vertical dyad to leader-member exchange. The development of leader-member exchange with the passage of time shows its effect on the outcome and performance of the followers. In-group includes only those having similar qualities as that of the leader and who are highly competent. This stage reflects the growth of leader-member relationship by their features and attribute of trust and mutual respect when involved in organizational tasks. Productive outcomes

result for the leaders, followers in work units and organization when LMX relationship is of higher quality. High performance and greater job satisfaction is the result of high level of leader-member exchange.

2.1.3 Leadership Making:

This stage leaves behind in-group and out-group and emphasizes on trenchant process of leadership with the help of efficacious leadership relationships. At this point all the employees enjoy high LMX relationships rather than differentiated ones and open up a new arena of leadership development. This is the stage where the leader-member relationship changes from strange phase to acquaintance phase having characteristics of high social and informational exchanges at working level. And it further enters to mature partnership displaying attributes like mutual respect, high trust, elevated level of incremental influence, support and loyalty and emotional attachments.

2.1.4 Team Making:

The network of relationship and mutual dependencies which convinces the members of organization for better performance of roles and given tasks are followed by leadership structure. Task dependencies along with the relationship formed during these dependencies are being analyzed at this stage. Relationships having high effective leadership have much more influence on their task performance. The crux of this theory is closely reflected in the proposed model. Transformational leader boosts up the creative energies of the team to bring innovation in the behaviors of the employees. And inculcate in them the strength to engage themselves in their concerned task by equally sharing the knowledge of policies, rules, regulations and the culture of the company among the employees.

2.2 Transformational Leadership and Innovative Work Behavior:

Transformational leadership presents value exchange, mutual growth and mutually beneficial motives that enhance both the leader's and followers' moral levels. Givers' expression of visions and establishment of norms from an altruistic perspective can achieve organizational objectives and favorable outcomes for receivers (Hoch et al., 2018). The transformational leadership attributes of giving personal attention and supporting the followers' needs and requirements can lead to an enhanced level of engagement of creative activities in the followers. Putting them constantly in a situation where their thoughts and assumptions are challenged, their intellectual thinking is triggered which consequently leads to followers participation in creative works. These leaders have the guts to align the organizational vision with goal of individuals upgrading their inspirational motivation (Bednall et al.,2018).

The transformational leader are assumed to relate the future of employees with that of organizational future and boost up their innovative work behavior by inculcating a sharp sense of shared vision and expressing belongingness to the organizations. Carless et al., (2000) introduced the Global Transformational Leadership (GTL) scale, which contains seven behavioral patterns that combine to make transformational leadership.

- **Vision:** It imparts vivid and positive future view.
- **Staff development:** It gives support to the staff as individuals and boost up their development.
- **Supportive leadership:** It excites, energizes and gives recognition to the staff.
- **Empowerment:** It inculcates trust, involvement and unanimity in the members of team.

- **Innovative thinking:** It galvanizes about problems in radical ways and inquires the assumptions.
- **Lead by example:** What he preaches is reflected in his values and practices.
- **Charisma:** It imparts pride and respect and impress others by his competency and being proficient (Careless *et al.*, 2000).

According to Amundsen & Martinsen (2015), there is a significant relationship between transformational leadership and innovation of employees and creativity. Chang (2012) says those leaders who adopt the method of coaching, counseling and training their followers could elevate the skills of staff and boost them up to make efforts for new methods of innovation. Transformational leadership acts as a catalyst in the process of innovation (Eisenbeiß and Boemer, 2013). The factors of commitment and communication among the members are the basic demand for the uplift of innovation in an organization. To nurture innovation, transformational leadership can stimulate the followers to follow the vision of the organization (Garcia- Morales, Jimenez-Barrionuevo & Gutierrez-Guiterrez, 2012). Transformational leaders have effect on growth and enhancement of organizational innovation (Zuriak & Kelly,2018). These leaders transform the self interest of the followers by enhancing their motivation to achieve their organizational vision. All this result is obtained by intellectual stimulation, strong and emotional appeal and inspiration from the leaders and the targets of innovation appear dynamic, vigorous and concrete (Zuraik & Kelly,2018). According to(Lee *et al.*, 2018;Maria Stock *et al.*,2017), transformational leadership has a positive relationship with innovative performance. The same arguments are being supported by leader member exchange theory. The leader intellectually stimulates every member, transforms their intelligence into productive outcome. All this contribute in the newness and innovation of their

behaviors while achieving their goals. The leader triggers the positive talents of the group members and effectively converts them in solid outcomes that lead to the goal achievement. This way the role of transformational leadership is seen positively converted in the works and behaviors of the group members. Therefore, we can say that

H1. Transformational leadership positively influences innovative work behavior.

2.3 Transformational Leadership and Work Engagement

Intellectual stimulation and inspirational motivation are the attributes offered by transformational leadership. Their purpose is to bring out the best input from the employees (Den Hartog & Bleschak, 2012). Transformational leadership works better with the employees leading to much productive communication that's why Hayati, Charkhabi & Naami (2014) concluded that work engagement of employees will be elevated by transformational leadership qualities such as driving the needed results and belief though idealize influence and transferring inspirational motivation among the employees to get vivid visionary goal and performance up to the marked standard. So the work engagement is strengthening their relationship According to earlier studies, work engagement is vividly connected to transformational leadership across individual levels (Vogelgesang et al., 2013). The leaders gives support to the employees and provide them with environment where they can learn from their mistakes, in short them feel psychologically safe which return leads to work engagement (Brevart et al., 2014). Kovjanic et al., (2013) says that an online analysis stated employees with the visualization of opting for transformational leadership in their leaders are found to be more engaged. Carasso-Saul et al., (2015) in his literature review makes it clear that most significant and convincing framework is transformational leadership when it comes to leadership and engagement. Earlier

studies between the transformational leadership and work engagement show that transformational leadership upgrades and step up engagement leading to better job performance ,organizational knowledge creation(Carasco-Saul et al., 2015) and also giving way to service climate (Kopperud et al., 2014). According to leader member exchange theory, the leader makes productive relations with all the group members and guidance is provided to them. Since the members get complete support from the leaders, therefore they are not punished for their shortcomings. Instead the leader works on their shortcomings and they learn from their mistakes. The group members express themselves cognitively by working on their weaknesses and talents and emotionally by showing the respect and attachment to the leader. The leader keeps the doors open to the employees for queries regarding work when it comes to upgrading their job performance. The productive relationship between the leader and the employees keep them energetic and being dedicated to their work. So it is obvious from the above written arguments that

H2. Transformational leadership is associated to employees' work engagement

2.4 Work Engagement and Innovative Work Behavior:

Work engagement is the positive, fulfilling and state of mind purely related to work having the features of vigor, dedication and absorption (Schaufeli *et al.*, 2002). The think tanks of psychology, business, organization development and management and different experts from other fields have given due consideration to employee engagement for the reason that organizations prefer employees who are highly engaged ,energetic in terms of their work, purely dedicated to their goals and objectives and remain absorbed in their tasks. Employee quality of being work engaged gives a very productive and effective addition to the business and is reflected in the products and services they offer to the customers (Aninkan & Oyewal, 2014).

Work engagement positively affects the initiatives related to work which consequently led to enhancement and improvement the innovative behavior in the work unit (Hankenen, 2008). Engaged employees utilizes their complete power by taking adopting proactive approach towards problem solving. Positive emotions are experienced during work engagement (Bakker & Demerouti, 2008) and this leads to exploration, assimilation and then application of the newly gathered information (Frerickson, 2001). Vinasrski- Peretz and Carmeli (2011) showed in their research that productive psychological conditions like work engagement boost up innovative work behavior. There are many studies of work engagement showing strong effect of work engagement on innovative work behavior (Christian *et al*, 2011; Agarwal *et al.*, 2012). The organization adopting learning processes lead to this kind of relationship can be build up by work engagement (Park *et al.*, 2014). The team making aspect of LMX theory is great evidence that work engagement on the part of employees leads to their innovative behaviors. Since the leader makes mutual and cordial relationship with employees, the employees show more commitment and passion in their work. They are satisfied with their jobs and experience positive emotions which trigger their passion and energy, thus giving rise to productive outcome. All these qualities in the employees arises enhanced innovation in their behavior and they are enthusiastically committed towards their goal achievements. Based on these results, we can hypothesize that

H3. *Work engagement is positively related to innovative work behaviour.*

2.5 The Mediating Role of Work Engagement Between Transformational Leadership and Innovative Work Behavior:

Being in combination transformational leadership, research has also concluded work engagement (Slatten & Mehmetoglu, 2011) as a prominent factor responsible

for innovative work behavior. Work engagement is the result of transformational leadership which keep them indulged in the work and assists them for innovative behavior (Barroso *et al.*, 2008). Work engagement is attained when employees have trust on leader and maintain their attachment with the organization (Agarwal, 2014). According to Macey *et al.*, (2011), work engagement can be enhanced by employees' building up their relation of trust with the leader. And this statement is also supported by social exchange theory which talks about the reciprocal relationship between the leader and the employees. If an organizational actor (supervisor, coworker) initiates some positive actions, the employees will choose to reciprocate those actions with positive responses by an enhanced quality of social exchange relationship. So if employees perceive the organizational procedures to be fair and justified, they repay the organization not only cognitively, emotionally and getting physically engaged with their work but they will also show positive attitude and be volunteer in cooperation with the organization. All this enhance employee work engagement by transformational leader to facilitate innovative work behavior within teams and across teams. The more the leader invests in the employees, more positive outcome is seen in their tasks. The employees have that mutual relation of trust, respect and support from the leader which makes them to share their themselves easily with the leader. The employees exchange their contribution in specific behaviors when the trust relationship is being practiced. The reason for this act is that employees keep themselves focused on their job because of the trust in the leader (Christian, Gaza & Slaughter, 2011). Intellectual stimulation, inspirational motivation and individualized consideration (Herman & Felfe, 2014; Hyypia & Parjanen 2013; Ng, 2017) are helpful in innovative behavior. According to a meta analysis, transformational leadership uplifts the leader and employees' relationship which as result lead to innovative behavior (Ng, 2017) . A study conducted in South Africa concluded that

inspirational motivation, intellectual stimulation had positive relationship with innovative work behavior (Sethibe & Steyn 2016). A result from meta-analyses showed that transformational leadership improves leader member relationship, which increases innovative behavior among other positive influences (Ng 2017). On the basis of social exchange theory we conclude that transformational leader possesses some attributes which inculcates trust among the employees for the leader (Wang et al., 2016) that result their more engaged behavior towards their work (Macey *et al.*, 2011) and they will display innovative work behavior (Agarwal *et al.*, 2012). The transformational leadership assist and train the followers for out of box thinking to take independent decisions by not relying on others to boost up and invigorate their intellectual power (Le & Lei, 2018). So we can say that transformational leadership enhances innovative work behavior more effectively in the presence of employees' work engagement. Thus we hypothesize that

H4. *Work engagement mediates the relationship between transformational leadership and innovative work behavior.*

2.6 The Moderating Role of Knowledge Sharing Between Transformational Leadership and Innovative Work Behavior:

Knowledge sharing is the social interaction culture reflecting the exchange of knowledge, experiences and skills of employees through the organization (Lin, 2007). Knowledge sharing puts great effect on the innovation of organization along with leadership styles (Terry Kim *et al.*, 2013). Knowledge sharing is the behavior comprising of information exchange, task relevant ideas' sharing and donating beside suggestions and information sharing between employees and team members (Edwards *et al.*, 2017). For innovation, knowledge sharing is an incredible process (Terry Kim *et al.*, 2013). To accomplish innovative work, the employees should take advantage from skills and experiences of their colleagues or make use of the specific knowledge

present in the organization. The organizations which promotes knowledge sharing practices in the employees and groups as a whole are close to generate radical ideas and thoughts that are advantageous for new business interventions (Tuan,2017). According to Lioa *et al.*, (2018), knowledge sharing facilitates to the leadership role. Transformational leadership posses the ability to elevate the collective motivation of the subordinate (Shamir, 1990). Group tasks and sharing the same values or ideology are the factors responsible for connecting the interests of individuals and groups. Therefore, transformational leadership can give rise to a collective identity that produces impacts on the organization's self efficacy. Public and regular discussions are held by transformational leader to share departmental prospects and progress , keep the employees motivated to remain passionate and vigorous and as a result improvement in the team performance can be achieved(Wang & Howell,2010). The employees reciprocate their leader with trust, loyalty and respect and they are convinced for the high level need by the leader when it comes to question the assumptions and encouraging reforms (Islam & Tariq, 2018). So, we can say that knowledge sharing leads to internal cooperation on the basis of motives which are mutually beneficial and supports and assists coordinated integration among the employees and strongly impacts the innovative performance of the organization via transformational leadership. There are a lot of chances and opportunities for the employees to find out more solution, suggestions, information and ideas coming from the coworkers in the participative leadership style in the context of knowledge sharing norms of an organization (Guan *et al.*, 2018). The employees will reach to the correct decision with the best solution to the problem. Transformational leaders convince the employees for the solution of problems and adopt and receive changes when there exist a degree of knowledge sharing among the members of the organization (Edwards *et al.*, 2017). The social exchange theory states the same arguments. There is a reciprocal relation between the employees and the leader. The leader exchanges the information related to new business ventures and invite novel ideas from the

employees. He creates the environment of team work among the employees which makes easy the flow of information. The leader shares the knowledge with the employees and further on the employees takes on this process by sharing knowledge within and across the teams. All this keep the motivation level of the employees enhanced. They try to bring novel business ideas and methods to achieve their goals and work enthusiastically for the organization with the reflection of innovation in their behavior towards their work. Therefore we can hypothesize that

H5. *Knowledge sharing moderates the relationship between transformational leadership and innovative work behavior.*

2.7 Theoretical Framework

In this research Transformational leadership act as a dependent variable while Innovative work behavior is the independent one. Whereas work engagement is mediating the relationship between transformational leadership and innovative work behavior and knowledge sharing is moderating the relationship between Transformational leadership and innovative work behavior.

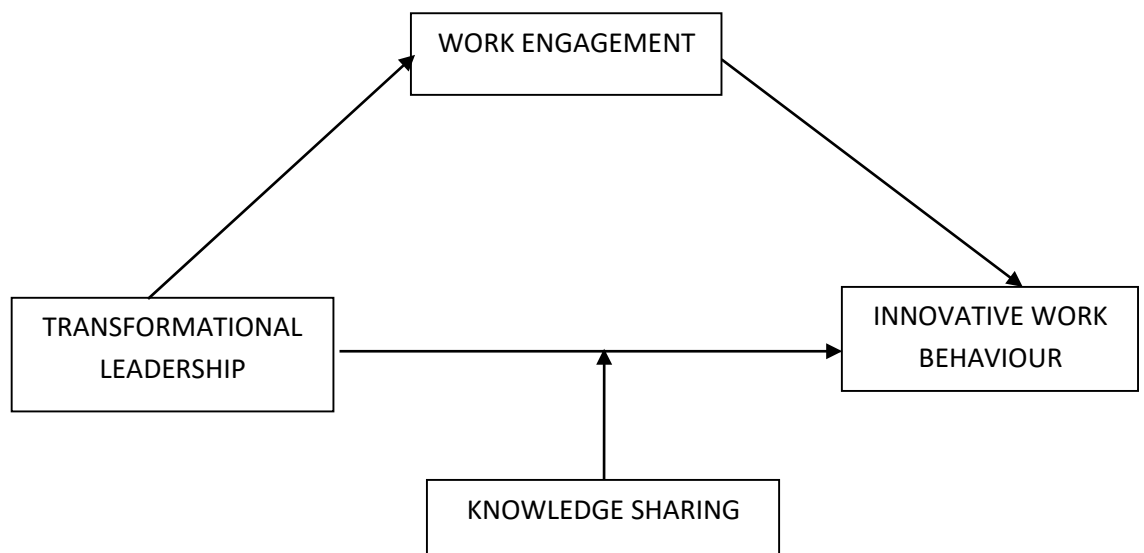


Figure: 2.7 Impact of transformational leadership on innovative work behavior under the moderation of knowledge sharing with the mediating role of work engagement

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter gives information about the research techniques being used for methodology. Basically it's a quantitative study. It consists of research design, sampling, and techniques of data collection and methods of data analysis.

3.1 Research Design:

Research design is the method of data collection and data analysis with the method that research purpose becomes completely relevant to the research procedure (Kothari, 2004). The questionnaires were used in this study which were adopted and adapted in nature. The research is quantitative in nature. Deduction is an objective approach that gives the researcher a high degree of control in data collection process. The most important element of deductive approach is that it measures the facts quantitative (Saunders *et al.*, 2009).

It's basically a quantitative study. According to Leedy & Omrod (2001) "*Quantitative research is based on collecting data to convert the acquired information into quantified numbers followed by application of statistical methods to support or reject the substitute claims of knowledge.*" The data used in this study will be primary. This is a study where the impact of transformational leadership on innovative work behavior with the mediation of work engagement and moderation of knowledge sharing in banking sector of Pakistan will be measured on basis of involving respondents with regards to these variables.

3.1.1. Type of Study:

It is an exploratory research study being conducted in the banking sector of Pakistan..

3.1.2. Setting of Study:

This study was being conducted in the field.

3.1.3. The Time Horizon:

The nature of data is cross-sectional and shall be gathered in the given time of one to two months to complete the study.

3.1.4. Research Interference:

No negligible research interference is present and it's a field study. The sample consists of bank employees from all the private banks of Islamabad. Due to time limitations convenient sampling technique was be used. The cover letter revealed that the purpose of this study was purely academic research and its purpose was to give away the clear understanding of the impact of transformational leadership on innovative work behavior with the mediation of work engagement and moderation of knowledge sharing in the banking sector of Pakistan. Confidentiality was assured assured on the part of the respondents so that they might feel free to share their response.

3.1.5. Unit of Analysis:

The unit of analysis for this study are the employees from all the private banks of Islamabad.

3.2 Population and Sampling:

The detail of population and sampling technique is given below.

3.2.1. Population:

The research covered up the major private banks of Islamabad as it was mentioned in the future directions to conduct research study in the banking sector. The target population was bank employees and data shall be collected by distributing

questionnaires. To avoid any kind of biasness, all the important information was shared with the respondents before handing over questionnaires to them. where in consent was solicited during for feedback under non-random basis to minimize common biasness, before handing over data to respondents, all the significant and necessary information was dispersed, and 350 questionnaires were distributed to reasonable sample size in a form of cover letter and personal interaction under proper research. Sample size is a subset of the population that is taken to be representative of the entire population (Mugenda & Mugenda, 2003).

3.2.2 Sampling:

Convenient sampling technique is used. It is defined “*a kind of non-probability sampling technique where sample is taken from the group of people who can be easily contacted or reached. There only criteria in is the easy availability and willingness of people to participate* (Saunders, Lewis & Thornhill, 2012). And shall be administered with required number of questionnaires prepared on basis of population size in the bank employees. We use convenient sampling because of the easy approach to the respondents. And it’s helpful in the research objectives by targeting bank employees. Besides, convenient sampling is less time taking and less costly.

3.3 Data Collection:

The study used primary data by questionnaires to collect the needed information from the targeted respondents by giving them information about some facts. The research is quantitative in nature. .Deduction is an objective approach that gives the researcher a high degree of control in data collection process. The most important element of deductive approach is that it measures the facts quantitative The HR departments of the banks was first consulted in this regard and then questionnaires were distributed to the employees from different banks and the number of questionnaires were 350 in number.

3.4 Instrument Development:

The responses will be collected from the respondents by questionnaires to complete the purpose of the study. The questionnaires used are taken from the previous studies and developed by different scholars. I didn't feel the need to translate items in Urdu or any other language because its quite easy and official language of Pakistan. The study will adopt hypothesis testing to know the impact of transformational leadership on innovative work behavior under the mediation of work engagement and moderation of knowledge sharing in the banking sector of Pakistan. The questionnaires contains demographic variables such as respondents profile (gender, age, education and income etc.), other section is TL, WE, KS and IWB. The responses of the respondents are based on 5- point Likert scale: 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4=Agree and 5= Strongly Disagree.

3.4.1 Measure of Independent Variable:

There is one independent variable i.e. Transformational leadership (TL).The independent variable, transformational leadership was measured by (Carless et al., 2000), containing seven items.. Showing items like “Communicates a clear and positive future.”All 7 items responses are based on 5-point Likert scale which is used to measure Transformational leadership and listed in the Appendix.

3.4.2 Measure of Dependent Variable:

There is only one dependent variable i.e. innovative work behavior. The dependent variable is Innovative work behavior (IWB) taken for this research was measured by De Jong & Den Hartog (2010) containing ten items like “I search out new working methods or techniques.” and “I generate original solutions for problems.” All these items are also based on 5 point Likert scale.

3.4.3 Measures of Mediator:

Work Engagement was assessed with 17 measured by Schaufelli *et al.*,(2002) The work engagement items are supposed to reflect three underlying dimensions: Vigor (VI) (6 items; e.g., ‘When I get up in the morning, I feel like going to work’ ; Dedication(DE) (5items;e.g.,‘I’m enthusiastic about my job’), and Absorption (AB) (6 items; e.g., “When I’m working, I forget everything around me”) and responses will be measured on 5 point Likert scale and the scales used in the study are listed in the Appendix.

3.4.4 Measures of Moderator:

Knowledge sharing was assessed by Van der Post *et al.*,(1997). The scale assesses 23 items, all items are based on 5-point Likert scale and some sample items are showing “I share knowledge to get recognition” and “I have the opportunity to attend courses”.

3.4.5 Control Variables:

One way ANOVA was used to control the variations in the dependent variables if any. The regression analysis show how the demographics were controlled.

3.4.6 Demographics:

To achieve accurate and consistent results, the demographics of specific respondents were gathered up like; gender, age, marital status, years of schooling and monthly income. In this exposition, the demographic variables are controlled through regression analysis. In addition, the outcomes of ONE-WAY ANOVA display an insignificant impact of these variables on the given model

3.7 Descriptive Statistics

Descriptive Statistics

	N	Mini.	Maxi.	Mean	Std. Deviation	Skewness		Kurtosis	
	Stats.	Stats.	Stats.	Stats.	Stats.	Stats.	Std. Error	Stats.	Std. Error
MeanTL	350	1.71	5.00	3.8069	.57621	-.822	.130	1.479	.260
MeanWE	350	1.76	4.65	3.6536	.64686	-1.446	.130	1.323	.260
MeanKS	350	1.96	4.78	3.7552	.57729	-1.560	.130	1.679	.260
MeanIWB	350	1.70	4.90	3.7129	.68515	-1.548	.130	1.681	.260
Valid N	350								

The descriptive statistics show the mean values, standard deviation, skewness and Kurtosis for all the four given variables i.e. transformational leadership, work engagement, knowledge sharing and innovative work behavior.

3.8 One –Way ANOVA

Table 3.1: One way ANOVA

Demographics	f statistics	P value
Gender	9.628	.002
Marital status	.065	.799
Age	1.319	.269
Years of Schooling	2.476	.117
Monthly income	.072	.789

One way ANOVA displays the effect of demographics on dependent variable. These demographic variables (gender, marital status, age, and years of schooling and monthly income) are controlled when the value of P is less than .05. All the P values

of the controlled variables are insignificant. Since they show no impact on DV. So there is no need to control any variables.

3.9 Normality of Data:

Table 3.2: Normality of data

Research variable	Skewness	Kurtosis
Transformational leadership	_.822	1.479
Work Engagement	_.1446	1.323
Knowledge Sharing	_.1560	1.679
Innovative Work Behavior	_.1548	1.681

This table displays the normality of data which is being collected from the respondents. It states about the variable skewness and kurtosis of data. The value of skewness range between +2 to -2 and value of kurtosis range between +3 to -3. The values given in the table ranges between skewness and kurtosis, therefore this data is normal and in alignment with skewness and kurtosis.

3.10 Demographics of Sample:

Through questionnaires, the response of 350 respondents was received in this paper which is stated by attributes having their basis on demographic variables such as age, gender, marital status, education and monthly income. They are further explained in the table below and they are controlled by regression analysis.

Table 3.3: Gender of respondents

	Frequency	Valid	Valid Percent	Cumulative Percent
Male	266	76.0	76.0	76.0
Female	84	24.0	24.0	100.0
Total	350	100.0	100.0	

The table shows that there were 266 male and their percentage is 76% and 84 female and their

24%. The target respondents are the employees of the banking sector.

Table 3.4: Martial status of respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Married	166	47.4	47.4	47.4
Unmarried	184	52.6	52.6	100.0
Total	350	100.0	100.0	

The table shows that 166 respondents are married with 46% and 184 are unmarried with 52.6% in the target sample size.

Table 3.5: Age of the respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
26-35	144	41.1	41.1	41.1
36-45	135	38.6	38.6	79.7
46-55	71	20.3	20.3	100
Total	350	100.0	100.0	

The table shows that the age of respondents between 26-35 are 41.1%, 36-45 is 38.6%, 46-55 is 20.3% in the sample size of 350.

Table 3.6: Years of Schooling

	Frequency	Percent	Valid Percent	Cumulative Percent
Bachelors	174	49.7	49.7	49.7
Masters or above	176	50.3	50.3	100.0
Total	350	100.0	100.0	

The table shows that there were 174 bachelors with 49.7% and 176 masters or above with 50.3% in the sample size of 350.

Table 3.7: Monthly Income

	Frequency	Percent	Valid percent	Cumulative percent
Less than Rs. 30,000	65	18.6	18.6	18.6
Rs.30,000 to 60,000	285	81.4	81.4	100
Total	350	100.0	100.0	

In the given table, the number of respondents with the salary less than is 65 with 18.6% and those between 30,000 to 60,000 is 285 with 81.4% in the target sample.

CHAPTER FOUR

RESULTS AND ANALYSIS

This chapter is all about analysis. The data of 350 respondents was collected from and was analyzed by using SPSS software. These are correlation analysis, multiple regression analysis, moderation analysis and mediation analysis.

4.1 Reliability Analysis:

It's very important to check the reliability of the data and this method was introduced by Nunnally in " α ". If value if $\alpha > 0.7(70\%)$, then it's acceptable.

Table 4.1: Reliability Analysis

Variable	Items	Cronbach's α	Mean
Transformational leadership	07	.742	3.809
Work Engagement	17	.919	3.6536
Knowledge Sharing	23	.929	3.7552
Innovative Work Behavior	10	.906	3.7129

The above table displays the complete scale reliability and the result of reliability analysis in which four variables with sample size of 350 is used containing 57 items. The table results display the reliability of all the variables and they are acceptable because the Cronach's alpha values are greater than 0.7 for all the variables. The transformational leadership scale having $\alpha = .742$ with item numbers 10, work engagement scale having $\alpha = .919$ with item numbers 17, knowledge sharing scale having $\alpha = .929$ with item numbers 23 and innovative work behavior scale having $\alpha = .906$ with item numbers 10.

4.2 Co Relation Analysis:

The correlation analysis is run to identify how the selected variables are related to each other and shows their statistical relationship. It is to discover if there exists any significant relationship between the variables and how strengthening that relationship may be. A positive co relation means that variables are increasing in relation to each other and negative co relation means that one variable is increasing while the other is decreasing. The values of correlation ranges between -1 and +1. The relationship exist if the value is in +1 and negative if the value is in -1. The results are being displayed in the table below.

Table 4.2: Correlation Analysis

Variable	1	2	3	4
Transformational leadership	1			
Work Engagement	.701**	1		
Knowledge Sharing	.560**	.351**	1	
Innovative Work Behavior	.332**	.459**	.500**	1

N=350, **p<0.01

The above table describes the correlation between the variables in the given study. The symbols of the variables are transformational leadership, work engagement, knowledge sharing and innovative work behavior. Transformational leadership and work engagement have positive correlation between them ($r = .701^{**}$ $p < .000$). Transformational leadership is also positively correlated with knowledge sharing at ($.560^{**}$ $p < .000$). Moreover, transformational leadership is also positively correlated with innovative work behavior at ($.332^{**}$ $p < .000$). All the variables have positive significant relationship with each other at 0.01 levels with the sample size N=350 which are developed in the hypothesized model.

4.3 Regression Analysis:

The regression analysis is used to determine to estimate the relationship between dependent variable (the outcome variable) and one or more than one independent variables called predictors. Regression analysis is used for predicting and forecasting and it can also be used to infer the casual relationship between dependent and independent variables. Regression analysis consists of multiple regression, moderation and mediation regression analysis. The regression analysis results are displayed below.

Table 4.3: Multiple regression analysis for Innovative work behavior

Predictor	Innovative work Behavior			
	B	R Square	ΔR^2	P
Step 1		0.27		
Control Variables				
Step 2				
Transformational leadership	.843	.527	0.257	0.03

* $p < .05$ ** $p < .01$, *** $p < .001$

The table 4.3 shows displays the multiple regression having two steps. The first step shows controlled, demographic variables and the second step displays the independent variable(transformational leadership) which is being regressed on dependent variable i.e. innovative work behavior. B (unstandardized coefficient beta B) shows the change per unit, R^2 is the total change(27%) in innovative work behavior and ΔR^2 is actual change(0.257) on innovative work behavior. According to Durbin Watson, the value range should be between 1.5 to 2.5. The second step in regression analysis result that one unit change in transformational leadership brings

.843 unit changes in the innovative work behavior. The hypothesis H1 is accepted because $p < .000$ is positive between transformational leadership and innovative work behavior

4.4 Moderation Analysis:

Table 4.4: Moderation regression analysis

Predictor	Innovative Work Behavior			
	B	R ²	ΔR^2	P
Step 1				
Control variable		.027		
Step 2				
Transformational leadership	.272			
Knowledge Sharing	.340	.778	0.758	
Step 3				
Interaction term	0.32	0.805	0.027	0.03

* $p < .05$ ** $p < .01$, *** $p < .001$,

The above table shows the moderation regression analysis. It includes three steps. The first is controlled variable (demographics variables) which is effected to the dependent variable innovative work behavior. The second step is independent variable which is transformational leadership and the third step is interaction term(IV*D_V). Here β (**unstandardized coefficient**) is unit change, R^2 is total change of controlled variable 2%, both transformational leadership and knowledge sharing are taking 77% change and ΔR^2 is actual change is 75% in dependent variable (innovative work behavior).

The second step predicts the transformational leadership and knowledge sharing. As the regression analysis one unit change in transformational leadership will bring the .272 unit change, knowledge sharing will bring 117% change and the interaction term is taking 5% change in innovative work behavior. As a result of moderation analysis knowledge sharing shows the relationship between transformational leadership and innovative work behavior.

The P value is less than 0.05 therefore H5 is accepted.

4.5. MEDIATION ANALYSIS:

Table 4.5: Mediation regression analysis

A	B	SE	T	P
Transformational leadership → Innovative Work Behavior	.852	.0489	17.424	.000
Transformational leadership → Work Engagement	.786	.0474	16.596	.000
Work Engagement → Innovative Work Behavior	.846	.0391	21.6648	.000

4.4.1 Table of Mediation s

A	B	Boot SE	Boot LLCI	BootULCI
Transformational leadership → Work Engagement	.6659	.0561	.5547	.7773
Work Engagement → Innovative Work Behavior				

Notes: Un-standardized regression coefficients reported. Bootstrap sample size 1000.

LL=Lower Limit; CI= Confidence Interval, UL=Upper Limit

The above table shows the result for mediation regression analysis using preacher and Hayes method. It explains the mediation effect step by step. The first step determines the mediation effect TL and IWB and the result presented the direct significant relationship at β value .852 and $p < .000$. The step two shows the effect of TL and WE at value of $\beta = .786$ and $p < .000$ and it is also significant. The other step checks the effect between WE and IWB at the β value = .846 and $p < .000$, so this also significant. The final step shows the mediation effect of TL, WE and IWB at the β value = .6659 and $p < .000$ which shows the significant relationship and thus hypothesis (H4) is accepted which states the mediation effect of work engagement(WE) between transformational leadership(TL) and innovative work behavior(IWB). This table presents the lower limit confidence interval = .5547 and upper limit confidence interval = .7773,so here the mediation of transformational leadership and innovative work behavior is shown.

4.5 Summary of Hypothesis:

Table 4.6: Summary of hypothesis

Hypothesis	Statement	Results
H1	Transformational leadership is positively related to innovative work behavior	<i>Accepted</i>
H2	Transformational leadership is positively related to work engagements	<i>Accepted</i>
H3	Work engagement is positively related to innovative work behavior.	<i>Accepted</i>
H4	Work engagement mediates the relationship between transformational leadership and innovative work behavior.	<i>Accepted</i>
H5	Knowledge sharing moderates the relationship between transformational leadership and innovative work behavior.	<i>Accepted</i>

CHAPTER FIVE

DISCUSSION AND HYPOTHESIS

5.1 Discussion (Hypothesis No .1):

Early research has found that those leaders who possess great vision build up the environment with knowledge distribution and sharing and this leads to innovativeness (Chang, 2012). The results produced by this research completely support that hypothesis within banking organization that intellectual support and inspirational motivation of a transformational leader upgrades and steps up the exploratory and inspective thinking and idea propagation. They are appreciated and encouraged to view the present and upcoming problems and troubles from different and creative perspectives and that the contributions shared by them are of great value to the organization. As a result they are ready to accept and adopt and adapt the new courses, various research tasks and curriculum, show willingness to go for different trainings and accepting and opting for new technology in the work place. These findings show consistency with the assertions given by Alzawahreh (2011) and Sagnak (2012) who says that leaders with intellectual capabilities and intellectual motivation are indispensable for the organization and that they produce positive impact on the organization and followers' innovation. Another part of transformational leadership is the individualized consideration. By brain storming and considering the opinions and views of every faculty member, leader can generate a vast foundation of knowledge that be helpful for the whole organization. The findings of the study show that members of organization work more carefully and enthusiastically when they receive the undivided attention, suitable required coaching and it gives them an upper hand to bring go for innovation in the organization. The given findings give confirmation to the earlier literature that leaders opting, preferring

and adopting consulting and supportive behaviors on their parts speed up the idea generation and implementation of those ideas by the employees in the organization (Sagnik, 2012). These findings also bring in confirmation the research of Eisenberg & Boerner (2013) who confirm that innovation is uplifted and boosted up directly and indirectly by transformational leadership and Chang (2012) says that innovation is directly affected by transformational leadership.

5.2 Discussion (Hypothesis No .2):

Those employees who chose transformational leaders by giving complete review about them are considered to be more engaged employees (Kovjanic et al., 2013). The engaged employees put more hard work if they were being guided by a transformational leader who stimulate and inspire them and studies by Moore(2008), Chan(2005) and Pillai et al.,(1999).A transformational leaders is more like a role model and example who assist in making loyal and pious relationship(Bass ,1985). And the participation and contribution extended by the employees is very effective and efficient one (Shamir et al., 1993) and their contributions multiply after the witness the roles of their leader and consequently occurs their active engagement in their work. The leader makes good and productive relations with the employees to upgrade and elevate their sense of being important part of organization (Schufeli & Bakker, 2010) and they respond virtually to this gesture of organization and give their best input to get the best output. A transformational leader sets the standard of performance and specific criteria for the employees. His caliber of individual consideration assists him to take into consideration the needs, requirements and problems of the employees. In this situation the leader provides the employees with psychological safety so they can freely express their thoughts and ideas along with suitable environment in which the commitment of employees, their work engagement

will be upgraded (Harter et al., 2003). The leader can boost up the factor of work engagement in the employees by elevating the control of employees' and their dependency and encouraging them to new experiences and cope up with the troubled situation. Beside this transformational leader boost up the creative faculty of the employees and a course of becoming successful that ultimately elevate the level of work engagement by inculcating the needed power in them (Terry et al.,2000). The intellectual stimulation on the part of the leader helps the employees to abandon the old approaches and assumptions and further identifying radical methods for the working. He also triggers the quality of self worth, intrinsic motivation and sense of accomplishment in the employees (Shamir et al., 1999)

5.3 Discussion (Hypothesis No.3):

Work engagement on the part of employees is taken as precious factor for the success of organization(Demerouti & Cropanzo,2010) since the employees show commitment to maintain the values of organization achieve the goals equally on their part(Schaufeli & Bakker,2004). The individuals possessing upgraded work engagement levels totally depend on their roles of the job(Kim et al.,2012). An upgraded level of work engagement displays the proactive factor of the employees and guide them to take initiatives(Frtiz & sonnentag,2007; Hahn et al., 2012; Kims et al.,2012; Parkr et al., 2006) which leads towards innovation in the organization. Gaviria (2016) in his study concluded that innovative behavior is highly affected by the variable of work engagement. Garg & Dhar (2017) concluded that the relation between innovative work behavior and work engagement is positively influenced by leader member exchange. The present study completely supports the qualitative study of the effect of the positive effect of work engagement on innovative work behavior.

The management and administration always appreciate engaged members since it is the trigger to the effectiveness and efficiency of the organization (Schneider et al.,2009). There exists a tested relationship of employee engagement with the performance of employees at the individual level(Bakker et al.,2004),at level of unit (Harter & Schmit,2008) and at the level of organization(Schneider et al.,2009; Bkker et al.,2008). Work engagement has received a lot of importance by business world and researchers in order to have a clear understanding of the elements that triggers and boost up levels of work engagement among the employees. It has been viewed as an important factor for the relationship between individual organizations which when boost up the loyalty of the employees also gives its contribution in the performance of an organization (Schohat & Vigoda- Gadot, 2010). When organization is in need of recruiting and retaining talented employees, they also want them to be engaged in the achievement of organizational objectives physically and emotionally with their tasks (Bakker & Leiter, 2010). The work force having the quality of being engaged in their work is seen as foundation of constantly having advantage over its competitors (Macey et al., 2011). This relationship is also supported by social exchange theory. The organization can start the social exchange relationship by giving fair and equal treatment to its employees. Equal treatment by the organization is really very appreciated by the employees because justice fulfills the psychological needs of the employees (Croppenzo etal. 2001). This good thought on the part of organization for the employees inculcates a sense of giving reciprocal return to the organization in the form of engagement by the employees. Currently there have been studies conducted in this regard (Agarwal et al., 2012; Hakanen et al., 2008).

5.4 Discussion (Hypothesis No.4):

Transformational leadership has positive association to work engagement of employees (Zhu, Avolio & Walumbwa, 2009) through the promotion of their competencies, calibers on the basis of backup they develop with their employees'. It's very necessary to point out that work engagement is like intrinsic motivation which presence is very important for generating out some new ideas. Those employees who are fully motivated, they completely trust their capabilities in the accomplishment, dedication and devotion in their jobs which is the notion of engaged employees (Salanova & Schaufeli, 2008). The study of Gomes, Curral & Caetano (2015) support that transformational leadership was related to IWB with the mediation of work engagement. The engaged employees utilize their skills and capabilities for the solution of problem, get themselves connected with the other members and take part in the innovation processes (Shaufeli & Bakker, 2004; Hakenen, Perhoniemi & Toppinen-Tanner, 2008). It was witnessed that more engaged employees were more involved in the innovative activities as compared to employees having low levels of work engagement, so highly engaged employees have more personal assets and resources to get involved in the innovation process and display outstanding results (Scott & Bruce, 1994; Shalley & Gilson, 2004). Therefore work engagement can be termed as the result and the antecedent of the behavior (Salanova, Agut & Peiro, 2005). Beside the fact that work engagement is effected by the environment of the organization, it's a variable that is dependent on the feeling of employees towards their work (Park et al., 2014). Therefore, it is concluded that work engagement mediated the relationship between transformational leadership and innovative work behavior.

5.5 Discussion (Hypothesis No. 5):

The very base of innovation is knowledge and the mechanism to identify the problems and carving out radical knowledge to sort them out is called innovation. To convert the tacit knowledge into explicit knowledge is an important element in this regard. When the members of organizations get involved in the process of knowledge sharing, it leads to change the knowledge, make out radical mental models and to sort out the trouble shootings (Von Krogh et al., 2012). The transformational leadership is responsible for booming and uplifting the knowledge among the members of organizations by giving confirmation to the process where the members interchange their skills and experiences with one another. The transformational leader inculcates respect and praise in the employees on the very foundation of idealized influence which is the ultimate result of the culture where knowledge sharing is being nourished and promoted. The elements of commitment, communication (Brass & Riggio, 2012) and psychological empowerment (Han, Seo, Li & Yoon, 2016) can be boosted up by inspirational motivation where team work is nourished. The leaders focus on their followers and boost up their problem solving skills. The presence and availability of knowledge in the members of organizations will prove as catalyst in bringing up new and radical ideas that would lead to the innovation in products and in process too (Wang & Wang, 2012). The transformational leadership can produce impact on the mechanism of innovation straight away but its very complicated to separate them (Srivastava, Vartok & Locke, 2006).

The views that are based on knowledge identifies that it is essence of organization and very crucial and critical for the innovation of organization (Mearns, 2012; Von Krogh et al., 2012). The skills, knowledge and experiences of the employees are responsible for uplift of value creation mechanism which in turn is

dependent on innovation (Wang & Wang, 2012). The sharing of tacit knowledge leads to its conversion into explicit knowledge and where learning takes place in collective manners. And it consequently promotes and establishes the available knowledge in the organization. The very essence of knowledge sharing may prove helpful in creating radical ideas for the upgrading and boosting of products, services and processes (Carmeli, Gelberd & Reiter-Palmon, 2013; Wang & Wang, 2012). According to earlier studies, the most important prerequisite for innovation and change is knowledge sharing. According to Lin and Lee (2005), those firms who adopted the methods to share technological knowledge with their competitors showed significant performance in comparison to those who did not. There exists a positive association between knowledge creation, knowledge sharing and innovation (Chen, Huang & Hsio, 2010). Jiang & Chen (2016) in their work on variables of transformational leadership, knowledge sharing and innovations in the team on knowledge intensive tasks showed that there was very close relationship between knowledge sharing and innovation.

5.6 Implications:

5.6.1 Theoretical Implications:

This research forwards some useful suggestions for the banking sector in the developing countries to direct and carry out the skills of employees and augmenting their innovation in the organization. Earlier this study was being conducted in Chinese culture in an NGO sector but in this study it was conducted in banking sector of Pakistan. This would help us to identify transformational leadership as the most effective leadership style in the banking sector for boosting up the innovative work behavior of bank employees. The individual and the organization both are equally in win win situation by utilizing this kind of behavior. The theoretical contribution of

this paper is that it is an empirical study in the banking sector highlighting the importance of transformational leadership when analyzing the innovative behaviors of the employees. Transformational leadership is the most beneficial style to bring out innovation in the organization on the part of the employees. This research showed the moderating effect of Knowledge sharing in effect of transformational leadership in Innovative work behavior which was never studied before. And the suggested framework has been tested in a non-western country like Pakistan which culture is completely different from western culture. This would further deepen our understanding of innovation, leadership and knowledge management in contexts which presents a different culture and quite unique characteristics particular to Asian countries. Fourth, prior research implicitly assumes that leadership styles facilitate innovative work behavior among employees neglecting the role played by the context and the prevailing norms in the organization. Investigating the moderating role of knowledge sharing sheds light on some conditions deemed important in facilitating the role played by leadership in promoting innovative work behavior among employees. Our findings emphasize that knowledge sharing offers opportunities for employees to receive more solutions, opinions, suggestions, ideas and information from other co-workers. Chances for employees to arrive at the right decision and the best solution are higher when knowledge sharing is the prevailing norm in an organization. Finally, because research on employee creativity and innovation in developing and emerging economies is scant, this study adds empirical evidence on employees' innovative work behavior in developing countries context

5.6.2 Managerial Implications:

The results of this research can be used by the HRM of an organization on managerial and subordinate level in the recruitment decisions. If the organization

wants to achieve any innovation or approaches, then those needed behaviors should be used in the recruitment of the new employees. Also the managers of the organizations should use the skills of transformational leaders to bring out the innovative activities among the employees to achieve the organizational objectives. The current study results display that transformational leadership gives vision to the employees to achieve organizational innovation; he stirs up their intellectual faculties of the employees and form a helpful and suitable environment that consequently effect their innovative behaviors . And the relations with the employees can also be improved by developing trust. Those mangers who have complete knowledge of the environment of organization give them an upper hand since their competencies help them to empower and motivate their employees. Along with that knowledge sharing moderates the relationship between transformational leadership and innovative work behavior implicates that manager should be promoting the environment where knowledge sharing among the employees be encouraged and appreciated and this can be achieved through different means. The manager may form learning communities on the organizational or group levels, educational and training programs and seminars conduction in the organizational working climate. Here a shared culture of knowledge would be promoted. Still another managerial contribution is for those organizations who show keen interest in the elevation of IWB of the employees. While considering the importance of innovation, these organizations should focus on developing transformational leadership to achieve their targets and goals. The training of leader can also be a possibility to develop leadership behaviors. In this regard Bass (1990) manual can be used to develop and promote transformational leadership in the organization. In addition to this feedback and training on the part of professionals can be used to develop the skills of the managers and identify the resources available.

Since service sector deals with the growth of economy, therefore the importance of

transformational leadership enhances. The presence of transformational leadership boosts up the overall growth in the economy of nation. The banking sector of Pakistan keeps so much competition in it, this paper helps the organization to opt for transformational leadership to boost and encourage innovative work behavior of the employees.

5.7 Limitations:

When research is conducted, it is not fulfilling all the required aspects of the selected topic and always has some lacking in it. It has limitations and future recommendations. In the current, the respondents are selected from major private banks of Islamabad only. The target sector is limited to one city only. And the number of respondents are also less due to time limitation. So in future direction, the other provinces and cities of Pakistan can be considered. Also variables such as transactional leadership, servant leadership and paternalistic leadership can also be considered with the change in moderator such as empowerment and trust.

The sampling techniques being utilized in this study is convenient sampling which is not probability and does not reflect the true and clear picture of the population. Since this study is cross sectional and data is collected at one time from respondents with many differences, so its also a limitation. A reflection of biasness is seen in the data collection. This study placed emphasis on innovative work behavior, due to that reason the measurement of (future) actual innovative work behavior might lead to totally different results.

5.8 Future Directions:

In the current study, the population is only from the major private banks Islamabad while the size of sample is not big enough as it should be. So for the future research, other provinces and cities will be taken into consideration. The researchers

can use other variables related to innovative work behavior such as transactional leadership, servant leadership and paternalistic leadership and can conduct the research using social exchange theory. Future research can use trust and empowerment as moderator variables instead of knowledge sharing. Other factors affecting innovative work behavior can be used to broaden the scope of this study. This research is conducted in banks of Islamabad and not cover the overall banking sector of Pakistan. The data is collected from a cross sectional population, in future time series longitudinal data can also be considered. This study considers only banking sector in regard to innovative work behavior, thus limited to only one sector while ignoring the rest such as education and hospitality sector. Therefore the generated results should not be considered the final one since they are do not show the general reflection of all the population of the banking sector of Pakistan. Taking into consideration this very fact, the future research will use large profile of demographic to discover the response of the respondents.

5.9 Conclusion:

The given study explains the relationship between transformational leadership, innovative work behavior, work engagement and knowledge sharing as the previous studies ahs also spotted this relationship. However, the moderating effect of knowledge sharing plays a vital role in moderating the relationship between transformational leadership, innovative work behavior and by using leader's member exchange theory to display the theoretical framework of the study. The results we can see that transformational leadership and knowledge sharing and work engagement were seen to uplift and enhance the explanation of the leader member exchange specially in foretelling the innovative work behavior.

On the basis of analysis and discussion in this research, this conclusion can be drawn; (1) the transformational leadership has positive relation to the innovative work behavior. It means that innovative work behavior is boosted up and encouraged by the transformational leadership. (2) The transformational leadership is positively associated with work engagement. It means that those employees have high level of work engagement who are being led by transformational leader.(3) Work engagement is positively related to innovative work behavior and it means that engaged employees have more liking towards innovative work behavior .(4) Knowledge sharing has positive relationship with transformational leadership and innovative work behavior which means that it enhances and strengthens their relationship.(5) Work engagement positively mediated the relationship between transformational leadership and innovative work behavior.

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QUESTIONNAIRES

Transformational Leadership

1.	STATEMENT	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1.	My leader communicates a clear and positive vision of future.					
2.	My leader treats staff as individual, support and encourages their development					
3.	My leader gives encouragement and recognition to staff.					
4.	My leader fosters trust ,involvement and cooperation among team members.					
5.	My leader encourages thinking about problems in new ways and questions assumptions.					
6.	My leader is clear about his values and practices what he preaches.					
7.	My leader instills pride and respect in others and inspires me by being highly competent.					

The Work Engagement Scales

Employee Version

S.NO	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Vigor (VI)					
a.	When I get up in the morning, I feel like going to work.					
b.	At my work, I feel bursting with energy.					
c.	At my work I always persevere, even when things do not go well					
d.	I can continue working for very long periods at a time.					
e.	At my job ,I am very resilient.					
f.	At my job I feel strong and vigorous					
2.	Dedication (DE)					
a.	To me, my job is challenging.					

b.	My job inspires me.					
c.	I am enthusiastic about my job.					
d.	I am proud on the work that I do.					
e.	I find the work that I do full of meaning and purpose.					
3.	Absorption (AB)					
STATEMENT		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
a.	When I am working, I forget everything else around me.					
b.	Time flies when I am working.					
c.	I get carried away when I am working					
d.	It is difficult to detach myself from my job					
e.	I am immersed in my work					
f.	I feel happy when I am working intensely.					

Knowledge Sharing

You share knowledge in this organization

S.NO	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	to get recognition.					
2	to be rewarded.					
3	to satisfy your fulfillment needs.					
4	To support management strategic objectives.					
5.	To enhance your career.					

You have the opportunity to

S.NO	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
6.	to attend training courses.					
7	to share your knowledge with colleagues.					
8	to attend the formal gathering where this knowledge is shared.					

According to you, knowledge sharing contributes to

S.NO	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
9.	the success of this organization.					
10.	the competitiveness of this organization.					
11.	the innovativeness of this organization.					

According to you, others share knowledge for the following reasons

S.NO	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
12.	Trust that exists in the organization.					
13.	The likelihood that colleagues will do likewise.					
14.	It is highly valued by management.					
15.	The organizational culture facilitates the learning environment.					
16.	People who share knowledge are regarded as experts.					
17.	It contributes to the positive performance appraisals.					

You do not share knowledge for the following reasons.

S.NO	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
18.	You are afraid that your career would be in danger if you make mistakes					
19.	Not enough trust exist in this organization.					
20.	Others don't want to do likewise.					

Others do not share knowledge for the following reasons.

S.NO	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
21.	They are afraid that their career would be danger if they make mistakes.					
22	Not enough trust exist in this organization.					
23.	Colleagues don't want to do likewise.					

Innovative Work Behaviour

	STATEMENT	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1.	You pay attention to issue that are not part of your daily life.					
2	You wonder how things can be improved?					
3	You search out new working methods, techniques or instruments.					
4	You generate original solutions for problems.					
5	You find new approaches to execute tasks.					

6	You make important organizational members enthusiastic for innovative ideas.					
7	You attempt to convince people to support an innovative idea.					
8	You systematically introduce innovative ideas into work practices.					
9	You contribute to the development of new things					
10.	You contribute to the implementation of ideas.					