The effect of Transformational Leadership on Organizational Performance through Innovative Work Behavior

Researcher:
Imran Yousaf
Roll No.(13-FMS/MSMGT/F07)

Supervisor:
Dr. Rabia Imran

Faculty of Management Sciences
INTERNATIONAL ISLAMIC UNIVERSITY,

ISLAMABAD

FORWARDING SHEET

The thesis entitled "***The effect of Transformational Leadership on Organizational Performance through Innovative Work Behavior***" submitted by Imran Yousaf in partial fulfillment of M.S degree in Management Sciences with specialization in Management, has been completed under my guidance and supervision. I am satisfied with the quality of student's research work and allow him to submit this thesis for further process as per IIU rules & regulations.

Date: 15-09-2013

Signature: _____

Name : **Dr. Rabia Imran**

(Acceptance by the Viva Voice Committee)

Title of Thesis: The Effect of Transformational Leadership on Organizational Performance through Innovative Work Behavior.

Name of Student: Imran Yousaf

Registration No:13-FMS/MSMGT/F07

Accepted by the Faculty of Management Sciences INTERNATIONAL ISLAMIC UNIVERSITY ISLAMABAD, in partial fulfillment of the requirements for the Master of Science/Philosophy Degree in Management Sciences with specialization in Management.

Viva Voce Committee

30/7/13

Dr. Qaiser Abbas
(External Examiner)

Prof. Dr. Abdul Latif
(Internal Examiner)

Dr. Rabia Imran
(Supervisor)

Prof. Dr.Abdul Latif
(Chairman HS & R)

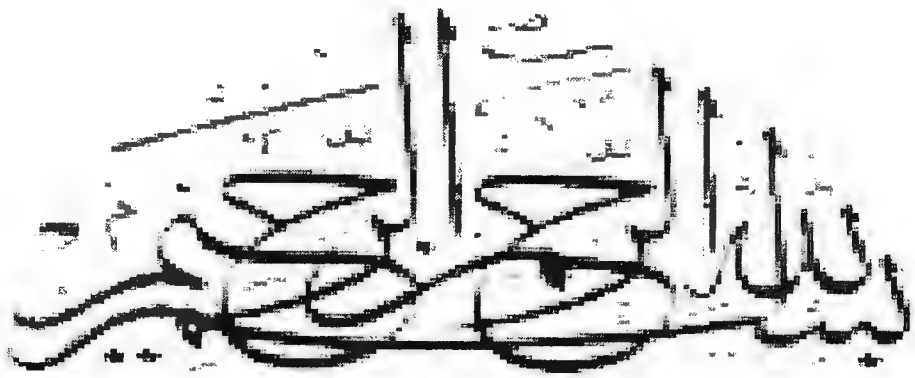
Prof. Dr. M. Bashir Khan
(Dean)

Date:18th July 2013

Dedication

I DEDICATE MY THESIS TO THE PEOPLE WHO DON'T SETTLE FOR DESTINATION BUT FIND COMFORTS IN THE JOURNEY OF TRUTH

I DEDICATE MY THESIS TO THE PEOPLE WHO ARE TRAVELER TRAVERSING THE ROAD OF LOVE



IN THE NAME OF ALLAH,

THE MOST MERCIFUL AND THE MOST BENEFICENT

ABSTRACT

This research aims to study the mediating effect of innovative work behavior between transformational leadership and organizational performance. A purposive sample of 249 respondents from Telecomm Sector (twin cities) is selected for the study. The concept of transformational Leadership is tapped by a scale Multifactor Leadership Questionnaire MLQ-5X, developed by Bass and Avolio (1995) which consists of 20 items. Organizational performance scale is measured by using the instrument developed by Qureshi; T.M (2010) which consists of 10 items. Innovative Work Behavior scale is measured by using the instrument developed by Zaman (2006) which consists of 27 items. The results reveal positive and significant impact of Transformational Leadership on Organizational Performance and Innovative Work Behavior. However, Innovative Work Behavior partially mediates all relationships between Transformational leadership and Organizational Performance. Implications and future research recommendation are discussed.

Keywords: Transformational Leadership, Organizational Performance, innovative Work Behavior.

COPY RIGHTS

DECLARATION

I hereby declare that this thesis, neither as a whole nor as a part thereof has been copied out from any source. It is further declared that I have prepared this thesis entirely on the basis of my personal effort made under the sincere guidance of my supervisor.

No portion of the work presented in this thesis has been submitted in support of any application for any degree or qualification of this or any other university or institute of learning.

Imran Yousaf

MS (Management)

Faculty of Management Sciences

ACKNOWLEDGEMENT

First of all I am thankful to the God who gave me the ability to do my MS. I am heartily thankful to my supervisor, Dr. Rabia Imran, whose encouragement; guidance and support played a key role in completion of this thesis. I am also thankful to my parents and siblings.

Special thanks to Mr. Ali Haider Bajwa and Asif Bhatti, for their unforgettable support during my stay in the University.

Lastly, I offer my regards and blessings to all of those who supported me in any respect during the completion of the project.

Imran Yousaf

TABLE OF CONTENTS

LIST OF ABBREVIATIONS

Organizational Performance	OP
Transformational Leadership	TL
Innovative Work Behavior	IWB
Attributive Charisma	ATTC
Idealized Influence	IDI
Inspirational motivation	INM
Intellectual Stimulation	INS
Individual Consideration	INC
Idea Generation	IDEAG
Idea Promotion	IDEAP
Idea Implementation	IDEAI
Comparative Fit Index	CFI
Tucker - Lewis coefficient	TLI
Goodness Of Fit Index	GFI

TABLE OF TABLES

TABLE OF FIGURES

CHAPTER 1: INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Leaders have important role in cultivating the environment which stimulates the process of collecting and disseminating information. Transformational leaders have the capability to generate knowledge and make it applicable as well so that the real benefits of the knowledge can be reaped (Innovation) which will ultimately lead to better organizational performance (Argyris & Schon, 1996). Such behaviors of leaders build the proficiency which can help in personal and professional development (Senge, 1990). Transformational leaders make significant contribution in developing the aptitude of their followers. Efforts are also made to sustain such environment which supports generation and sharing of knowledge causing an increase in the effectiveness (Bass, 1999).

Without a good leader innovation cannot be achieved in an organization since the leader's behavior and practices are directly proportional to their employee's behavior. The behavior of the head conveys the expectations to the subordinates. Good leaders always encourage and boost their employees to push their limits and explore the un-explored, thereby resulting in creation of new and vigorous ideas (Anderson, de Dreu, & Nij stad, 2004). The encouraging and supportive behavior of the leader instills in his subordinate the sense of group-belonging..This sense of group belongingness results in increased employee cooperation and productivity (DeCremer & Knippenberg, 2002; Eden, 1984). A leader who effectively leads his team is not only in a position to create extraordinary innovations, but can also turn the performance into a more consistent pattern leading to long term benefits of all those involved in the process of enhancing organizational profitability (Charlton, 2000).

For the running of a successful organization, presence of a continuous stream of new ideas acts as a life line for the organization. This way an organization has the capability to bring in innovative set of products and services by introducing new technology, management tools, and administrative techniques by creating new elements in the organization. The process of bringing in innovation to a setup requires a hands-on approach of the employees who have to work beyond expectations by using their full potential and overcoming their personal work barriers. The organizations aiming at maintaining their competitive edge, strive to maintain and instill an innovative work behavior amongst their employees.

The innovation's role in enhancing the performance of the organizational has also been elaborated by a number of researchers (Hurley & Hult, 1998). Organizations relying greater on innovation are more likely to attain good results as compared to other organizations that do not give proper attention to innovative techniques. Innovation allows organizations to develop the capabilities which can help in enhancing the organizational performance and sustain the competitive advantage with less effort (Hurley &Hult, 1998). Absence of innovative environment negatively affects organizational productivity (Lööf & Heshmati, 2002) however, the examination of innovation from other aspects (like design, innovation etc) can be linked with the organizational improvement (Danneels & Klienschmidt, 2001).

Organization initiatives focused on innovation are primarily described as a means to enhance the organizational performance (Hurley &Hult 1998). Leaders can also motivate the employees to make contributions in establishing an ambiance which thrives in innovation. But leader traits and styles are fundamental elements which determine the occurrence of innovative behavior within the organization. There is extensive evidence that mutual/joint; participatory

leadership style has better chances to foster organizational innovation as compared to transactional leadership style (Kanter, 1983). Also transformational style of leadership can play instrumental role in forming the common goals, provides opportunity to leaders to help and encourage employees to generate new opportunities and face the challenges (Bass &Avolio, 2000).

Recently a large number of scholars and academicians have focused their studies on determining factors that determine individual innovations in a particular frame of work in an organization (Organ, 1988). Getz & Robinson gave a refreshing new rule of thumb in this regard (Getz & Robinson, 2003) according to them nearly 80% of all improvement based ideas originate in the minds of the employees who then present it to their heads whereas only 20% of all innovations are the result of properly planned innovation based activities.

The most important factor affecting and influencing knowledge and innovation according to the latest researches is the leadership itself (Nonaka & Takeuchi, 1995; Senge, Kleiner, Charlotte, Ross, & Smith, 1994). Richard and Moger (2006) in his study stated leadership as a process reinforcing creativity and innovation and discovered that there exist characteristics that are altogether nine in number that overlap each other and in each of this leadership plays a crucial part. Different outcomes, like performance (Kark & Shamir, 2002), employees' job satisfaction (Bass &Avolio, 1994) job involvement (Bass, Avolio, Jung &Berson, 2003), employees organizational commitment (Bycio, Hackett & Allen, 1995), putting extra effort (Seltzer & Bass, 1990), turnover (Bycio et al., 1995), development project team innovations (Keller, 1992), organizational and individual innovation (Gumusluoglu&Ilsev, 2009; Reuvers, Engen,

Vinkenburg, & Evered, 2008; Janssen, 2002) have been associated with and preserved as a result of the leadership style.

With increase in the pressure for attaining the top position in the market and to cut through and come out as the winner the organizations as result of all the competition are forced to change their policies and transform radically. This puts pressure on the leaders who are forced to go for highest level of performance and explore transformational traits in themselves. According to Howell and Avolio (1993) transformational leadership is further effectual in improving innovation than transactional leadership. This kind of leadership is more long-term oriented therefore they plan, execute and perform with absolute open-mindedness. This makes them a role model figure for their subordinates who trust their leader fully. Such leaders explore new ways of working around problems and encourage their subordinates to become even better performers and reach for the unconventional approach.

Thus the organization must create an atmosphere that promotes transformational leadership and innovation-friendly employee behavior. But to be able to do the creative work the employees must culture their minds to have a creative aptitude towards problem solving and secondly the organization must be elastic enough to accommodate and support (Kwasniewska & Neeka, 2004) the unconventional set of mind-frame which is according to numerous studies has proved to be profitable. As, individual innovative behaviors are vital for organizational success, the study of what stimulates them is important (Scott & Bruce, 1994).

1.2 PROBLEM IDENTIFICATION/RESEARCH GAP

Extensive past researches provide empirical evidence which reveals the link between transformational leadership and business/organization performance. Previous literature

summarizes that there is a direct positive relationship between these two constructs (Kumar et al., 2011; Mahmoud, 2011; Singh, 2009; Zhou et al., 2009; Farrell et al., 2008; Martín-Consuegra and Esteban, 2007; Langerak, 2002;Deshpandé and Farley, 1998; Avlonitis & Gounaris, 1997 Jaworski and Kohli, 1993). Some of past research findings support indirect influences (Agarwal et al., 2003; Han et al., 1998).Other researches depict no effects (Nwokah, 2008;Caruana et al., 2003; Greenley, 1995) between these two constructs. So, there is a need to further investigate the relationship between transformation leadership and organizational performance in-order to get a clearer picture.

The relationship of transformational leadership and organizational performance does not exist in isolation. There are numerous other factors that affect this relationship. Innovative work behavior is one of the relationships that might come between these variables. Transformational leadership help employees to boost their innovative behavior thus resulting into increased organizational performance((Anderson, de Dreu, & Nijstad, 2004; Charlton, 2000).

1.3 PURPOSE OF THE STUDY

The study focuses on the telecommunication sector of Pakistan which is the fastest growing sector. This sector is under the immense pressure of competition which requires firms to enhance their performance so the factors effecting performance gain importance. A number of studies are conducted on the ways of enhancing organizational performance especially the role of transformational leadership in this regards. However, there is lack of empirical evidence of intervention of any other variable in the said relationship. The present study fills the gap and examines the mediated role played by innovative work behavior in the relationship between TL and organizational performance.

1.4 OBJECTIVES OF THE STUDY

The objectives of the present study are

- To examine the impact of TL and Innovative Work Behavior on Organizational Performance.
- To examine the impact of TL on Innovative Work Behavior.
- To explore the mediating role played by Innovative Work Behavior in the relationship of TL and Organizational Performance.

1.5 THEORETICAL FRAMEWORK

Past literature have examined the direct impact by Transformational Leadership on organizational performance, but this study attempts to investigate the role of other factors like IWB and its mediating effect in relationship between TL and organizational performance. The proposed model (see figure 1) focuses on the role of TL and IWB as predictors of organizational performance and the mediating role of IWB in enhancing the relationship between TL and organizational performance.

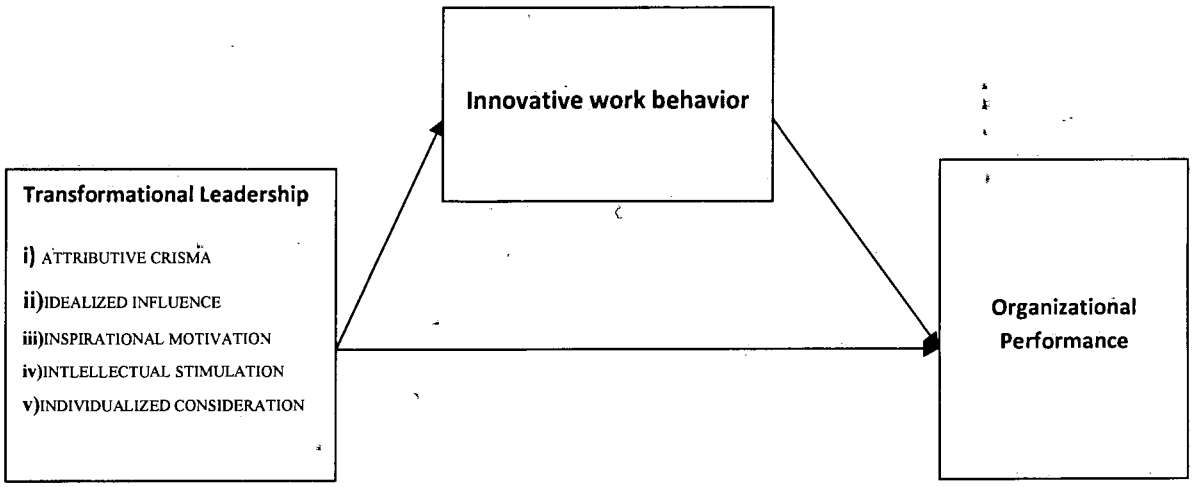


Figure 1: Diagrammatic presentation of theoretical framework

CHAPTER 2: REVIEW OF LITERATURE

2.1 INTRODUCTION

Twenty first century has brought a paradigm shift in the business environment by introducing an environment characterized by immense competition. In order to survive, the organizations need to change their traditional management practices. Organizational Leaders also feel pressurized to develop characteristics of high performance in them. Transformational leaders are considered as energetic, open-minded, future oriented and concerned about planning. Such leaders develop their subordinates/employees thinking beyond themselves and their individual performance towards becoming high performers and high achievers (Bass, 1985).

In the current challenging era, innovation is not limited for only researchers, development scientists and professionals, but today's organizations pursuit of long-term sustainability and the development of the innovative potential of all employees. In order, to create a thought-provoking working environment, all the employees must be involved in innovative behaviors and activities. Employees are relied maximally upon by the organizations to bring something new in their processes/methods and operations (Ramamurthy, Flood, Slattery, & Sardessai, 2005). The work is becoming knowledge based so, the focus is on the employees who are encouraged to exhibhit innovative work behavior to increase the overall performance of the organization in order to ensure organizational success (Ramamurthy et al., 2005; Axtell, Holman, Unsworth, Wall, Waterson, & Harrington, 2000).

The present study focuses on a relatively new concept innovative work behavior i.e. the intentional creation of novel ideas and would investigate the mediating role played by innovative work behavior (IWB) in the relationship between transformational leadership (TL) and

organizational performance (OP). Moreover, the present research is one of its kinds as research in this area is mainly done in western context. The present study for the first time explores this relationship in current context.

2.2 TRANSFORMATIONAL LEADERSHIP:

The topic of leadership is the main concern to scholars and researchers. Scholars are putting extra effort for transformational leadership (Bass, 1985), also known as commendable, creative thinker (Sash Kin, 1988), as well as charismatic (Conger, 1989). In response to the great importance of transformational leadership, the researchers have gone through the concerns and suggestions of some of the emergence of transformational leadership. The epicenter of the discussion has transformed the organizations and individuals who are in the process of transformational leadership. In order to solve the problem, the researchers studied aspects of transformational leadership behavior and the relevant effect on subordinates/employees and organizations (Bass 1985,Bennis and Nanus 1985,Rouche, Baker and Rose 1989, Tichy and Devanna, 1986). These researchers want to focus that how to enhance transformational leadership, exchange of information and ideas, and vision be put into effect. Therefore, researchers focused more to either intrapersonal (Bennis &Nanus 1985) or interpersonal dimension of transformational process, as compare to organizational dimension (Tichy & Devanna 1986). Researchers, nevertheless, have vouched for a cogent effect of contextual on the appearance, application, and efficacy of transformational leadership (Avolio & Bass, 1988)

After then review some of the prominent ideas of transformational leader-ship and adapt to a definition that involves many of these ideas. Consequently, briefly review the accessible research on the contextual aspects of transformational leadership. Afterwards study the

environmental factors: (a) the organizational efficiency and the importance of adaptation orientation, (b) the comparative advantages of core technology and cross-border unit in the organizational system tasks, (c) the structure of the organization, and (d) the model of government. These factors will ultimately affect the acceptance of organizational change leadership. Researchers have developed a different definition of leadership which stands still relevant. As described by (Burns, 1978) "transformational leadership can be attained through joint efforts of the leaders and followers "to achieve the desired goals. Bennis & Nanus (1985) show that transformational leadership processes follows the common goal when leaders and followers move on top of each other's motives. Rouche , Baker & Ross (1989) transformational leadership as a leader's ability to influence followers working attitudes, values, behaviors and beliefs of subordinates for the fulfillment of organization short term as well as long term goals

According to Lok and Crawford (2004), leadership contribution acts significantly to an organization's success or failure. The leader's psychological state reflects the outcomes of the organization. Adeyemi Yemi –Bello (2001) stated that transformational leadership creates a vision of the organization, which often require time to time changes in cultural values that brings a greater innovation indication. A leader builds a correlation between personal and collective individual interests, to motivate followers to exert greater efforts and commitment which ultimately accomplish the organizational objectives.

Strategic leadership mainly focuses on the determination of, organizational structure, strategy and procedures to enhance the effectiveness of the organization (HamBrick, 1989). This content of strategic leadership is the same as that of transformational leadership. Strategic leadership does not have a capacity to give clear solution that how to raise the follower levels of

need or bonding individual as well as collective interests. Transformational leadership and charismatic leadership are subsets of strategic leadership, and they are bound by the subsidiary features that define the charisma-building and transformational processes. In addition, although there is a mutual benefit assured charismatic leadership and TL structure, including the unique and distinct features, they are distinguished from each other.

As revealed from the early literature, six forms highlight the description of transformational leadership behavior i.e. discover and communicate the vision, to provide an acceptable proposal, to promote the goal of the group, to accept a high level of probability performance, providing individual backup to subordinates and encouragement. TL consists of the following behavior: (1) communication through vision, (2) the development of the staff, (3) support subordinates, (4) empower subordinates; (5) innovation focused (6) lead by setting examples, (7) Charisma (Yulk, 1994).

Yammarino and Bass (1985;1990) distinguished two wide aspects that encompass the transformational model: the transactional leadership and transformational leadership (1)Transactional Leadership: defined as a process focused , attaches great importance to work on daily basis which results in smooth functioning of organization departments; regulating reward system and behavior of management by exception are essence of transactional leadership (2) Transformational leadership: aspires to practice beyond the direct operational procedures so that the team members or subordinates' may be helped to revolutionize their works and the ever-changing needs of the clientele may be fulfilled. Transformational aims are obtained through inspiration, idealized influence, individual consideration and intellectual stimulation of staff interests (Brownell, 1983; Ricketts & Nelson, 1987).

Banerji and Krishnan (2000) stated that the confidence of the followers on leader decides the actual power of the leader. So to strive a common goal the absolutely necessary properties in the two way relation between leader and the follower is the mutual understanding of persons having different motivational levels and power potentials A true leader is a skillful person who adopts appropriate leadership styles in accordance with the situation and the tasks as the leader knows its effect on the followers. Howard (2005) argued that Transformational leaders find different possible ways to see the future which is required and needed by the organization. Their mind is so skillful that they plan, manage and lead others in undesirable and unpredictable environment as well so it can be said that unaccepted change in the organization does not affect these types of leaders. They are the spirit of the organization which keep everyone motivated, encouraged and keep the hope alive in difficult and dishearten events in the organization. They also help others without keeping in mind their personal interest they provide coaching and change the mind of other people for their personal development which leads to high performance working as a team. And the most importantly they develop leaders by providing others enough knowledge and experience of different situations with the passage of time they get the skills of transformational leader (Anderson, Gisborne and Holliday, 2006).

Saowalux and Peng (2007) and Burns (1978) describe factors to make a difference between ordinary and extraordinary leadership that are transactional leadership and transformational leadership. A trading relationship between leader and the follower which correlates loyalty and commitment from the follower side is traded for the exchange of monetary rewards from the leader side. On the other hand, extraordinary leaders also called transformational leader create the value from efforts of the followers that results in organizational commitment and loyalty and also encourages the followers so that they can show

their performance more than normal and the real weapon for the leader in this case is the factor known as emotion (Burns, 1978; Bass, 1985). It is observed that an organization achieves its objectives with the help of transformational leaders. The leader changes the unwanted factors and the attitude of the organization and its employees and that make a successful organization (Burns, 1978).

A leader develops a vision of the upcoming things, pass on the vision by representing, modeling and through actions to give birth to commitment for the vision (Avolio, 1999; McShane and Von Glinow, 2000). Leadership plays a vital role in the flourishing and misfortune of an organization (Lokand Crawford, 2004). The characteristics and features of a leader can be analyzed by measuring that how well the organization accomplishes its task with regard to the standards (Adeyemi-Bello, 2001). The leadership styles adopted by the leader decide either the organization is successful or not. An organization which achieves its own goals/objectives with respect of giving credit to its clientele and fulfilling the needs of its stakeholders is the result of the characteristics of leadership that are enthusiasm, charisma and dedication (Al-Mailam, 2004). By selecting and adopting an appropriate leadership style according to the situation, the leader can influence the followers with further leads to job satisfaction, commitment and productivity of both the individual and the organization (Mosadeghrad and Yarmohammadian, 2006).

Bass (1997) explained that TL paradigm finishes the follower's personal interests and gives life to the prosperity of the group, organization and society. Transformational leaders make values, creators, translator of institutional purpose, developers of meanings, people who finish perplexity and affect the organizational culture as well as staying qualities and firmness in decisions (Bradley.W, 2010). Their vision is so steadfast and coercive that they know what they

want; they have clarity of thought and know what to gain from every meeting. Their visions give power to other rather than bluffing or blinding them. Such types of leaders have awareness and work for the goodwill of the system and sense of developing long term strategies which further leads to right direction. They also know what type of norms, values, believes that overall develop a culture is needed in the organization to achieve the goals of the organization that results in personal and organizational development.

To meet the needs of the environment and the internal needs they change or sometimes shape the culture by stimulating, motivating, innovating and modeling with respect of their need. This analysis is what makes a transformational leadership, further simplified by the (House, 1988), which describes the role of transformational leadership ", as having confidence on follower's skills to accomplish tasks to fulfill the expectations of the leader by showing their performance and the leader on the other hand provides followers with clear visions of the future". More than 7,500 people across the country throughout 1990 (Kouzes and Posner, 1999) carefully observed and the management of various industries. Asked a lot of people they are looking for the quality of their leaders. The founding was quiet interesting, they found top rated qualities that people look in their leaders were that the leader should be intelligent, leader should be honest, leader should be inspiring, forward looking and must be competent and all these are the qualities of an effective transformational leader. Lee and Chuang (2009), explain that an effective leader motivates the followers and the coworker's potential to increase efficiency which overall form a process which leads to achievement of organizational goals. Fry (2003) explains leadership as a plan to motivate the potential of the staff that results in the development and growth of the organization as well as personal career development. With the help of appropriate leadership strategies an organization performance can be achieved which include completion of

certain objectives such as high profit, TQM, market share, survival at the time of failure of the organization or standard financial outcomes (Koontz and Donnell, 1993).

Organizational performance is used to compare one business entity with other business entity on the fields of profit making, market share and on the base of TQM. It also indicates the efforts of the members by measuring their productivity in regard of growth, revenue and development. Visionary leaders develop and idea of the future interact the vision by displaying, modeling and through actions to forge commitment for the vision (Avolio, 1999; McShane and Von Glinow, 2000). Core qualities among the employees and in the organization that are motivation, commitment, trust and cohesion is formed by visionary leadership (Zhu et al., 2005).

A positive relation is found between organizational change and workers commitment. It has been revealed that vision, leader-followership relationship, job motivation and role autonomy causes commitment to change. A leader should be cautious when making a change because it not only effects organizational performance but has adverse effects on the followers (Parish et.al., 2008). Many reasons show that there is a link between leadership style and organizational performance. Currently different market publishes competition based on innovation, competing on performance, declining returns, and the advancement of current skills, knowledge, and abilities (Santoraet al., 1999; Venkataraman, 1997). Researchers have shown that organizational performance can be benefited by effective leadership acts if they face these ordeals (McGrath and MacMillan, 2000; Teece, Pisano and Shuen, 1997).

2.3 INNOVATIVE WORK BEHAVIOR

The rising competitive conditions emphasize the organizations to innovate i.e. produce, carry, making quick and fruitful decisions and change existing ideas (Van de Ven, 1986). Due to

globalization strong competition is created in resource- and product-market activities. This competition compels the organizations to struggle over resources that are not touchable like human resources (Gardner, 2005). The use of innovative practices is becoming a need for attaining longer term performance (Chartier, 1998)

In recent times, a new perspective of innovative behavior i.e. Individual behavior has been introduced. The individual innovative behavior involves anticipatory work behavior (Crant, 2000) and spark (Morrison & Phelps, 1999). The innovative behavior is expected to produce innovative outputs, new products and processes aimed at benefiting the organization (Scott & Bruce, 1994; West & Farr, as cited in West, 2002).

Innovative work behavior is defined as "the behavior of individuals facing the new ideas, processes, products or procedures to start and intentional introduction (in work role, group or organization) and production (De Jong, 2006 (p.19). This definition circumscribes innovative work behavior to a well-planned effort by going beyond formal requirements of the job and to produce new outcomes. To begin innovations, employees can produce ideas by depicting innovative behaviors that determine opportunities, recognize fissures in performance or find solutions for problems (Organ, 1988).

The innovation process is a combination of discontinuous activities (Schroeder,Van de Ven, Scudder, & PoUey, 1989; Kanter, 1988). It is conjectured that the individuals remain involved in these kinds of behaviors at any time (Scott and Bruce, 1994). These are extra roles and are normally not obligatory and discretionary (Organ, 1988; Katz & Kahn, 1978; Katz, 1964). Individuals' innovative behaviors in high performing organizations are considered as foundation for exploration that exactly motivates or enables individual innovative behavior is

instrumental (Scott and Bruce, 1994). A number of researches disclose a constructive association between leadership and work/organizational outcomes. Despite, these researches, the association between leadership and innovative behavior entails further research.

Today in a very challenging environment, innovation is a necessary goal. Excellence in innovation, enterprise might succeed and progress at a higher speed, smarter than your competitors. In recent years, due to the changes in a variety of environmental changes around the global trade organization, most people trying to achieve innovation performance.

With the rapid development of technology, and the gradual globalization of the market, in this highly competitive business environment, the traditional organization and management is considered to be acceptable tactics. Today, businesses must survive competition through continuous improvement in process and innovation in methods, and maintain a competitive advantage. In other words, companies need innovation probability of survival. Drucker (1993) innovation is not just a process, but on the basis of innovative changing demands the environmental factors needs of the production process, changing industry and market, and the amalgam of the composition of the population require TL. Innovative products in today's competitive business environment, manufacturers need to ensure the fertility value in a very short time. These manufacturers, therefore more focused on the need for performance rather than the traditional size. In addition, manufacturers need to provide innovative products and innovative custom (Buzacott, 1994, 1997, Lamb, Suarez, Cusumano, precision, 1995). Therefore, manufacturers must also realize the dimensions of innovation and innovation performance.

Organizational innovation process seems to have a twofold effect. On the one hand, empirical studies have shown that innovation to improve the growth and survival of the enterprise. On the other hand, innovation is a very complicated and risky process, and the success rate is very low, sometimes fatal. Organizational innovation relates in many disciplines and fields, such as management strategy, business, political science and marketing (Ries and Trout, 1981) as a learning experience, innovation and research. Peters and Waterman (1982) believes that innovation is a mean, through which the organization respond to changes in the environment. Rogers (2003) and Tushman & Nadler (1986) proposed method innovation means a new idea, product, service or organization.

Subramanian & Nilakanta (1996) define innovativeness as the adoption of new ideas, methods, or services. Vigoda and JiaDuote (2005) view of the ability of independent innovation is characterized by multi-dimensional organization. They define the organization's ability to innovate while facing competition in changing environment. In this regard, the performance, and even the survival of the organization is more dependent than ever to achieve a strong competitive position and its flexibility, adaptability, and the ability to respond. Therefore not surprisingly that more and more innovation as a strategy enables a firm to increase its flexibility, competitiveness and performance (Van De Master, 1986). Organizational innovation is defined as a strong tendency to actively support new ideas, novelty, experimentation and innovative solutions (Wang & Ahmed, 2004).

A large number of studies have shown that the innovative enterprises how to improve, in order to adapt to changes/ or coup up with them in the environment, and to ensure its long-term growth and survival (Chen Guan, 2010; Damanpour, 1986). Innovation is an important

basis for the organization's dynamic capabilities, in fact the basis of competitiveness (Zerenler, Hasiloglu, Sezgin, 2008). Therefore, performance of the workers is a very important aspect of the innovation performance (Dundon, 2005).

Afterwards, Dundon, (2005) differentiates creativity from innovation, and suggests that innovation construe four elements named as creativity, strategy, implementation, and profitability. Some researchers have suggested the two dimensions of innovation. Nilakanta Subramanian, (1996) divided OI into two categories.

(1) Technical innovation, products, services and processes, and

(2) The management of innovation, including organizational design/structure, management processes/methods and programs.

Pacharn and Zhang (2006) proposed two types, namely of OI innovation and technological innovation. In fact, if (Desouza et. al., 2007), researchers believe that there are two forms of innovation in an enterprise environment for example, user and Innovation.

Technical innovation is discriminated from administrative innovation. The innovations which befall in an organization under technical classification are known as technical innovation and it is straightforwardly linked with the elementary operations of organization. It can be in different form like introducing a fresh idea for a unique product or service, or it can be a new installation of a fresh part in an organizations production system or operations. It is anticipated that technical innovations will enhance the efficiency of technical system in organization (Damanpour and Evan, 1984). The innovations that affect the social system in an organization are known as administrative innovations. The kinship that exists between the people who

collaborate and cooperate with each other to execute specific targets and assignments in a business setting and this system is the social system of an organization (Cummings and Srivastva, 1977).

Product innovation and process innovation both are nearly connected to hypothesis of technological advancements. Beginning of a new good or service or consequential updating an existing product of service with respect to its features, characteristics or basic uses; that comprises of improving technical requirements of a product, elements and materials, integrated software, user favorable and advantageous or other functional features is named as product innovation (GurhanGunday, GunduzUlusoy, Kemal Kilic, LutfihakAlpkan).

Innovation keeps on changing with the passage of time so it is quite appropriate to say that innovation has different forms like innovation took place in a form of a fresh product or service, a new system in an organization, a unique production method, or a fresh administrative and technical system in an organization (Bilgihan et al 2011;Gebauer et al., 2011;Ren et al., 2010).Benefits for unique innovation emerges when currently fashionable and fascinating products are invented by ruling competitor's performance, features, properties, fashion and configuration innovation by the organizations (Miller, 1988). Innovation act as competitor advantage the organizations which are customer focused, with the help of external sources it collects, analyze and interprets the customers information that lead them to understand their customers future needs and taste so that they can act accordingly (Zhou et. Al., 2009). It is the expectation of the external environment that includes customers and competitors that the organization uses up to date technology and also invent fresh goods or services in the start (Gebauer et. Al., 2011).

Fundamental type of organizational innovation attribute the invention of fresh corporate practices that includes supply chain management, thin production, re-engineering and TQM for the purpose to structure work and methods (Nguyen-Van, 2011).Second type of organizational innovation attribute to the beginning of a system known as knowledge management that consists of complementary practices like skills for management, extra training to employees, systematic arrangement of employees, allocation and participation, and saving knowledge which results in elasticity, adaptability, one-upmanship and organizational effectiveness (Prahalad and Hamel,1990; Grant,1996; Spicer and Sadler-Smith, 2006). Thirdly, a type of organizational innovation attribute to manipulating operations or simply manipulating work in organization.

To achieve great rivalry on the bases of great skills, confidence and character it is essential to adopt organizational innovation as discuss above (European Commission's Green Paper, 1997). Fourthly, the organizational practice attribute to the kinship and affiliation with other organizations or general businesses and companies through conjunctions, collusion, combination, union, outsourcing or subcontract. The networking of organizations' innovation competence results in formation of a worldwide economy based on knowledge (Caroline Mothel Uyen T. Nguyen-12thPhu Nguyen-Van 2011).

In addition, some researchers OI position is divided into three categories. Same (Popadiuk and choo, 2006) OI classified into three categories: technological innovation, market innovation and management innovation. Lim (2005) identified four levels of OI, including innovation environment, innovation, teamwork, innovation and personal. There are numerous studies on how the management of innovation is related to corporate strategy. Chandler (1993) analyzed how corporations could develop new products and new markets, as well as expands

geographically, using a diversified structure. Building on (Bower, Burgelman 1980, 1983) studied the relationship between innovation and strategy and found that it often is the lower levels in the organization that shape the actions, which retrospectively are made sense of as strategy by the management over time (Burgelman and Sayles, 1986) described how the innovations deeply rooted in research and development (R&D) departments and backed by middle management were driving strategy rather than top management. (Ellonen et al, 2008) found that trust, both organizational (e.g. to the management) and institutional (e.g. to the organizational system, such as human resource (HR) practices, etc.) had positive influence on organizational innovativeness. (Bro¨ring and Herzog, 2008) argue that certain dynamic organizational set-ups could improve the handling of ambidexterity in innovation, and (Kreiner and Schultz,1993) studied informal R&D collaboration in informal networks and observed how collaboration outside the corporation was central to innovation (VandeVen, 1986) argues that the management of innovation is not only comprise producing new ideas, but also about effective resource allocation (Burgelman and Grove, 1996) analyzed strategic dissonance and inflection points in terms of how a firm adopted new technology and started to deviate from the existing formal strategy.

(Normann, 2001) focused on how innovations in different forms were important for reframing business models, while (Preshantham, 2008) analyzed new ventures and strategic renewal with regards to internationalization. In sum, this suggests that the interpretation of strategy by different groups in the organization may have significant impact on innovation. The capacity of organizations to energetically sustain fresh thoughts, ideas, uniqueness, and testing, investing and ingenious resolution is known as organizational innovation effectiveness (Wang, and Ahmed, 2004). Innovation empower organizations to restore, re create them, support the

modifying surroundings and guarantee their long-lasting expansion and continuity (Chen, and Guan, 2010; Damanpour, 1991; Van de Ven, 1986).

Innovation gives an incomparable base for organizations influential competencies and undoubtedly a keystone for its rivalry (Zerenler, Hasiloglu, & Sezgin, 2008). So, innovation effectiveness is a significant appearance of worker effectiveness which ultimately results in enhancing organizational performance.

2.4 ORGANIZATIONAL PERFORMANCE

From almost three decades researchers are attempting to define performance. The organizational performance literature reveals a number of definitions:

According to (Mitchell, 2002) "Organizational performance is a broad concept, to seize what institutions production, groups interact with them. The performance of the organization relates to its purpose and is described as the organization's motivation, the interaction function of the capacity, and the environment external force. Performance also reflects the achievements of the resources used by the relevant organizations. The agencies in their work environment, the performance should be considered (Mitchell.H, 2002).

The main goal of the business is to gain high performance and maximum profits (Paul &Anantharaman, 2003). In order to maximize the profits the organizations need to increase their performance (Delaney &Huselid, 1996). The organizational performance is supposed to have these dimensions: a) Effectiveness: organization meeting its objectives (Dyer & Reeves,1995; Rogers & Wright, 1998); b) Efficiency: use of least resources to meet defined objectives (Dyer & Reeves, 1995; Rogers&Wright, 1998); C) Development: the development of innovative

products to meet the near future and strategic opportunities and challenges (Phillips, 1996), and d) satisfaction: all participants, stakeholders, employees and customers (Delaney, 1996), E) quality and process (Guest, 2001), F): the percentage of the production of high-quality products (Delaney Huselid, 1996).

Organizational performance can also be seen as a multi-dimensional performance more than just financial (Baker and Sinkula, 2005). The organization is able to continue to exist (Griffin, 2003), to what extent is described as organizational performance to meet the requirements and needs of the stakeholders. Stoelhorst Van Raaij, (2004) described the market positioning, marketing company stated yield spreads on both sides of the direction of the market development in order to improve performance conditions, differentiated and cost advantage (Li Zhou, 2010) company.

Extensive past researches provide empirical evidence which reveals the link between market course and business/organization performance. Previous literature summarizes that there is either a direct positive relationship between these two constructs (Kumar et al., 2011; Mahmoud, 2011; Singh, 2009;Zhou et al., 2009; Farrell et al., 2008;Martín-Consuegra and Esteban, 2007; Langerak, 2002). Some of past research findings support indirect influences (Agarwal et al.,2003; Han et al., 1998).Other researches depict no effects (Nwokah,2008; Caruana et al., 2003; Greenley,1995) between these two constructs.

Innovative growth strategies for companies across the threshold, and in new markets, increase market share and provide a competitive advantage for the company (Gunday et al, 2011), one of the primary means. Innovation performance than the background factors, such as innovation, the context of civilization, the age of the company will affect innovation collision in

a large degree of (Rosenbusch et al, 2011) organizational performance. According to the forecast, Han et al. (1998), a market-driven company is likely to be innovative, which, may lead to better performance. It has been found through the literature, is a positive relationship between innovation and performance (Jimenez Jimenez and Sanz Valley, 2011; 2006 Thornhill).

The literature summary submitted plans, financial incentives and government internal incentive and humility certainly impact on manufacturing performance (Cook, 1994). There is a lack of studies; however, exploring financial incentives and intrinsic motivation combine to help manufacturers in the size of tradition and innovation. (Cameron and Pierce, 1994 Koestner, and Ryan, 1999 Eisenberg, Lodz, and Cameron, 1999).Prevailing position of surrounding (e.g. irresolution, lofty imperil and instability) demands the production of innovation by the organizations to continue and prolong their rivalry.

Competency in innovation is an incomparable ingredient that leads to organizational effectiveness (Hurley &Hult, 1998). Innovativeness gives pliancy to organizations to pick various opportunities to comfort their clients to preserve them which helps in continuation of business (Banbury& Mitchell, 1995). The procedure of transforming the opportunities into practical utilization is known as innovativeness (Tidd, Bessant, &Pavitt, 1997) and when it is literally utilized in exercise (Schumpeter, 1934).

It is a communication process which provides opportunities to organizations to communicate with clients, suppliers and also with informative academies and businesses (Freeman, 1987; Kline & Rosenberg, 1986). Innovation is acknowledged as a fundamental component of progressive competency and rivalry of markets (Schumpeter, 1934). Currently, organizations are facing rivalry and everlasting altering state. In this climate the effectiveness

and continuation of organization rely on their capability to reach a firm and antagonistic spot and it also depends on their elasticity, capacity to adopt different things and on ability to response. Thus, it is scarcely amazing to see increasing involvement in innovation like strategy that permits the organization to amend its elasticity, antagonistic spot and effectiveness (Van de Ven, 1986).

The capacity of organizations to energetically sustain fresh thoughts, ideas, uniqueness, and testing, investing and ingenious resolution is known as organizational innovation effectiveness (Wang, and Ahmed, 2004). Innovation empower organizations to restore, re create them, support the modifying surroundings and guarantee their long-lasting expansion and continuity (Chen, and Guan, 2010; Damanpour, 1991; Van de Ven, 1986). Innovative behaviors are concerned, even though Teece (1986) recognized that harmonizing possessions (such as marketing or organizational capabilities, regulatory knowledge, contact with clients, etc.) lift the worth of firms' technological innovations. Stieglitz and Heine (2007) hypothetically call attention to the impact of organization complementary assets on firms' innovativeness.

Cross sectional design was used for the study. A purposive sample of 249 respondents from telecom organizations (twin city) was used for the main study.

3.3 MEASURES:

3.3.1 TRANSFORMATIONAL LEADERSHIP

TL scale of Multifactor Leadership Questionnaire MLQ-5X, developed by Bass and Avolio (1995) was used to measure transformational aspect of leadership. This scale consisted of 20 items. All the items were anchored on five point Likert type scale, ranging from never (1) to always (5).

3.3.2 ORGANIZATIONAL PERFORMANCE

Organizational performance scale was measured by using the instrument developed by Qureshi; T.M (2010).The scale consisted of 10 items and was anchored at five point Likert- type scale ranging from strongly disagree(1) to strongly agree(5).

3.3.3 INNOVATIVE WORK BEHAVIOR

IWB scale will be measured by using the instrument developed by Zaman (2006). This scale consists of 27 items and is anchored at five point Likert- type scale ranging from strongly disagree (1) to strongly agree (5).

3.4 SAMPLE AND DATA COLLECTION

The data for study was collected by floating questionnaire to 300 employees personally and responses were received personally. The questionnaire was distributed to the employees in regional offices as well as head offices of various Telecom companies in twin-cities. Purposive-convenience sampling technique was used as sample selection technique.

3.5 DATA ANALYSIS

Two types of analysis were conducted in measurement model; first was confirmatory factor analysis (CFA) and second was Structural Equational Modeling (SEM) by using AMOS.

CHAPTER 4: RESULTS

4.1 RESULTS-PILOT TESTING

The study was conducted on a sample of 100 employees of telecom sector of Pakistan and to examine the psychometric properties of the instruments. Results of the pilot testing are as following.

Table 1: Mean, Standard Deviation, Range and Alpha Reliability Coefficients of the scores on all measures (N = 100)

Scale	No. of items	Value of Cronbach's alpha
ATTC	4	.76
IDI	4	.80
INM	4	.82
INS	4	.85
INC	4	.89
IWB	18	.84
OP	7	.81

The α coefficient all instruments used in the study are given in Table 1. The values meet the requirements of the reliability of all sizes within the acceptable range. The alpha coefficient is the highest moral value, and the minimum value is the ATTC. All three scales / reliability of the instrument is higher than the required reference point 70, which indicates that all of the elements of the instruments beyond an acceptable standard, and can be used in the present study (Deng Julong, 1978). Table 1 also shows the descriptive statistics of variables. The results show that the average highest and lowest average of 0.76, 0.89.

4.1.1 CONFIRMATORY FACTOR ANALYSIS

In this study, we use a two-stage structural equation modeling (SEM) approach to solve this assumption. Before proceeding to the next step confirmatory factor analysis (CFA) was conducted into assess the construct validity and other psychometric properties of data. For this purpose Maximum Liklehood estimation was used. Chinna (2009) purpose that one should proceed to test the structural model provided if the measurement test is found acceptable, as, it is a common practice to be followed in management studies (Carlson, Kacmar & Williams, 2000). All the constructs of the transformational leadership, organizational performance and innovative work behavior were tested. The criteria being tested was based on Chi-square goodness of fit index consider include fitting goodness of fit statistics, degrees of freedom (CMIN / DF) divided by the minimum difference in the goodness of fit index (GFI), a kind suitable adjustment index (AGFI), Comparative Fit Index (CFI), Tucker - Lewis coefficient (TLI), and approximate the root mean square error (RMSEA). The SEM literature suggests a model, is said to have an acceptable fit when GFI TLI, CFI, AGFI, RMSEA, 3.0, 0.05, or less than or equal to 0.95 or later, 90 or more for at least CMIN / DF (Bentler and Bonett, 1980, Hu Teller, 1999 Carmines

and McIver, 1981), the results of confirmatory factor analysis (CFA) measuring element the following ways:

4.1.1 .1 TRANSFORMATIONAL LEADERSHIP

ATTRIBUTIVE CRISMA

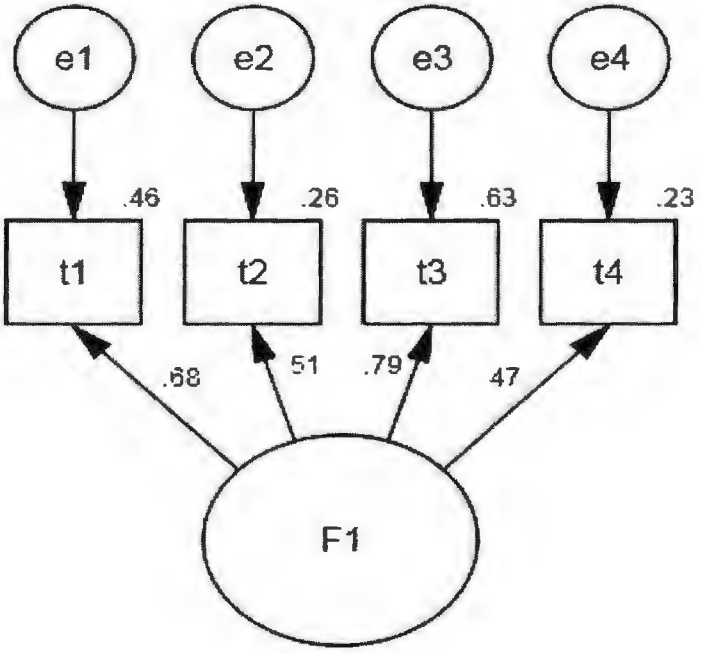


Figure 3 CFA for "ATTRIBUTIVE CHRISMA"

Chi-square= 14.170	df= 2
Chi-square/df= 7.085	p-value= .000
AGFI= .665	GFI= .933
TLI= .543	CFI= .848
RMSEA= .248	

CFA shows a slight adjustment. $\chi 2/df$ value 3 is that it is slightly larger than 3. Joreskog and Sorbom (1993) speculated that range from 0-3 is more suitable in a smaller value should be. The GFI, TLI, and CFI values were 0.933,0.543 and 0.848, which is close to the value of the reference 0.9. RMSEA value is equal to 0.248, is greater than the reference value of 0.08, under BrowneandCudeck (1993) RMSEA value is less than 0.08 indicates good adjustment. Standardized coefficient estimates 0.68,0.51,0.79 and 0.47. All of these values are in satisfactory level of more than 0.3, therefore, be considered good, $P < 0.001$. The R 2 value is 0.46,0.26,0.63, and 0.23, respectively, these values are represented as T1, T2, and T3 and T4 are each pointer interpretation of the percentage change in ATTC factors. From the results, we can see, T3 is the best indicator of this building, with the highest standard is estimated to be 0.79, the lowest is T4 indicator value 0.47.

All values are very close to the value of a reference model to be accepted.

IDEALIZED INFLUENCE

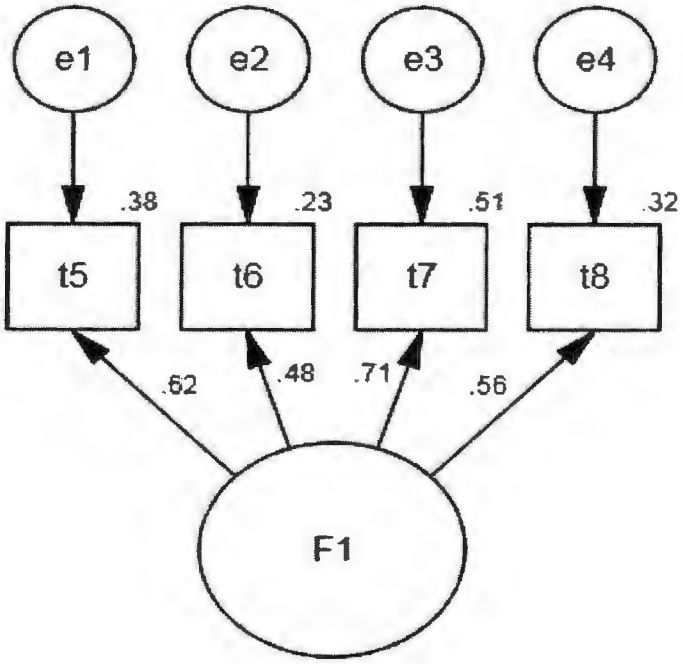


Figure 4 CFA for "IDEALIZED INFLUENCE"

Chi-square= 2.652	df= 2
Chi-square/df= 1.326	p-value= .000
AGFI=.896	GFI= .855
TLI= .966	CFI= .989 RMSEA= .057

CFA shows a slight adjustment. $\chi 2/df$ value is 2.652, which is less than 3. Joreskog&Sorbom (1993) speculated that the range between 0 and 3, indicating a more suitable ideal value. The GFI, TLI, and CFI values were 0.85, 0.96 and 0.98, which is close to the value of the reference 0.9. RMSEA value is equal to 0.16, is greater than the reference value of 0.08, under BrowneandCudeck (1993) RMSEA value is less than 0.08 indicates good adjustment. The

standardized coefficients were 0.62, 0.48, 0.71 and 0.56. All of these values are above the acceptable level of 0.3, therefore, is considered to be good with a P <0.001. The value of R 2 is 0.38, 0.23, 0.51 and 0.32 respectively, T5, T6, T7 and T8, of these values represents the percentage of each index difference is explained by the factor IDI.

All values are very close to the value of a reference model to be accepted.

INSPIRATIONAL MOTIVATION

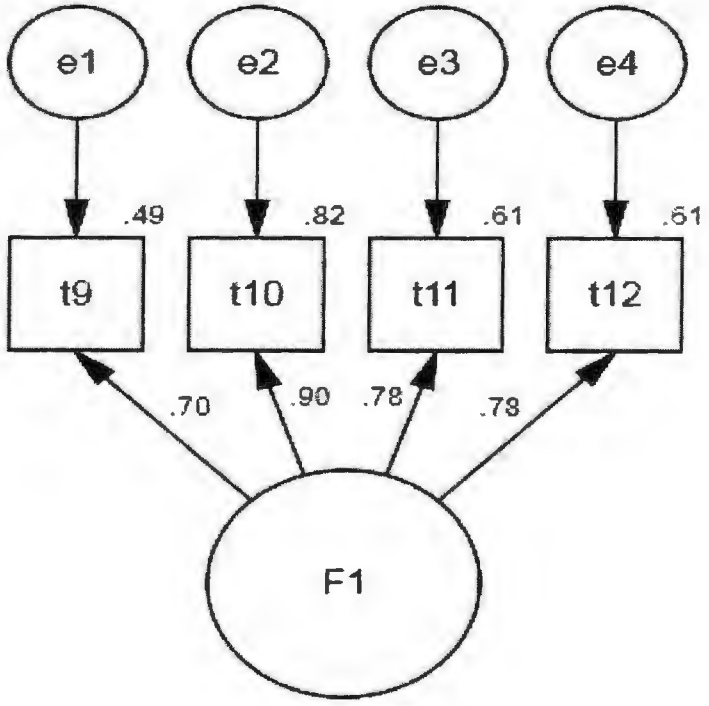


Figure 5 CFA for "INSPIRATIONAL MOTIVATION"

Chi-square= .840	df= 2
Chi-square/df= .420	p-value= .000

AGFI=.843 GFI=.944

TLI= 1.018 CFI= 0.88

RMSEA= 0.16

CFA shows a slight adjustment. $\chi 2/df$ value is 0.420, which is less than 3. Joreskog and Sorbom (1993) speculated that the values between 0 and 3 shows better suited to a smaller value of what it should be. The GFI, TLI, and CFI values were 0.94, 0.84 and 0.88, which is close to the value of the reference 0.9. RMSEA value is equal to 0.16, is greater than the reference value of 0.08, under BrowneandCudeck (1993) RMSEA value is less than 0.08 indicates good (1993) adjustment. Standardized coefficient estimate is 0.70, 0.90, 0.78 and 0.78. All of these values are above suitable level 0.3, therefore, is considered to be a good p-value <0.001. The value of R^2 is 0.49, 0.82, 0.61, and 0.61, respectively, and these values represent the T9, T10, T11 and T12, respectively, the percentage of each index difference by a factor INM. All values are very close to the value of a reference model to be accepted.

INTLELLECTUAL STIMULATION

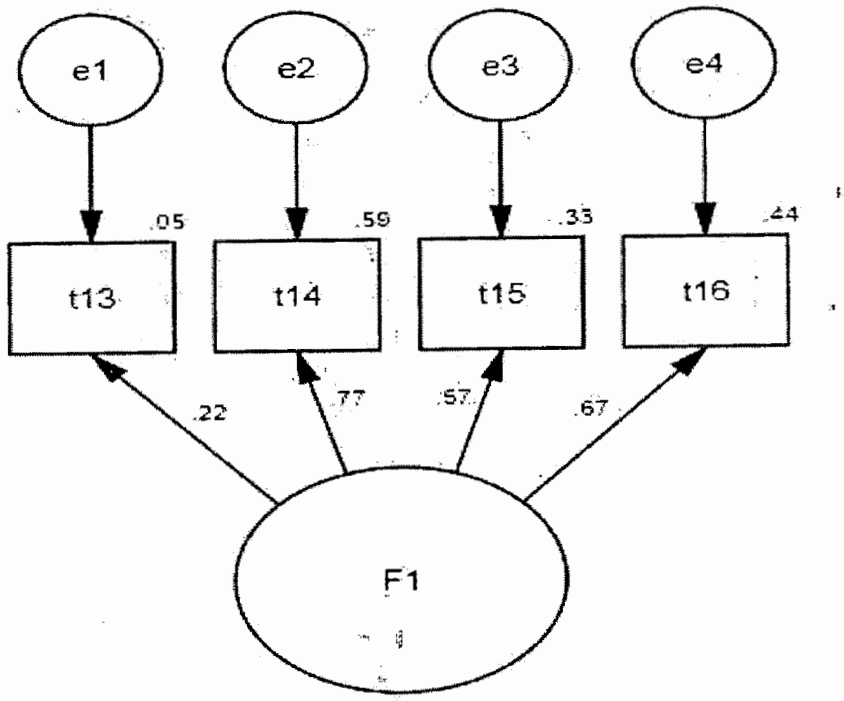


Figure 6 CFA for "INTELLECTUAL STIMULATION"

Chi-square= 7.845	df= 2
Chi-square/df= 3.922	p-value= .000
AGFI=.891	GFI= .812
TLI= .711	CFI= .904
RMSEA= .172	

CFA shows a slight adjustment. $\chi 2/df$ value is 3.922, which is slightly greater than 3. (Joreskog and Sorbom) 1993 presumed value between 0 and 3 shows better suited to a smaller

value of what it should be. The GFI, TLI, and CFI values were 0.81,0.71 and 0.81, which is close to the value of the reference 0.9. The value of the RMSEA is equal to 0.17, higher than the reference value of 0.08, according to Browne and Cudeck (1993) value less than 0.08 indicates the RMSEA good choice. Standardized coefficient estimate is 0.22, 0.77, 0.57 and 0.67. All of these values are above the acceptable level of 0.3, therefore, is considered to be good with a P <0.001. The values of R 2 for T13, T14, T15 and T16, 0.05, 0.59, 0.33, and 0.44, respectively, these values can be interpreted as the percentage change in the INS by each pointer factors. All values are very close to the value of a reference model to be accepted.

INDIVIDUALIZED CONSIDERATION

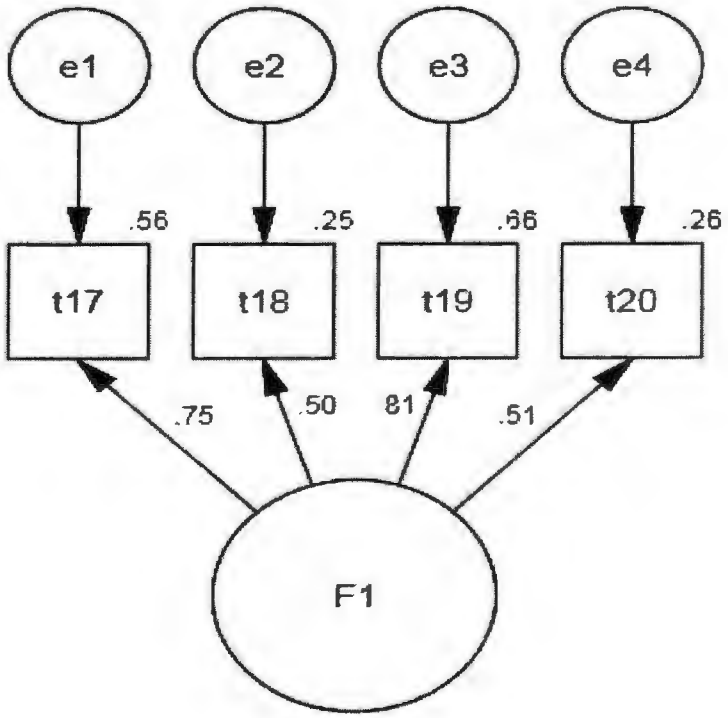


Figure 7 CFA for "INDIVIDUALIZED CONSIDERATION"

Chi-square= 9.678 df= 2

Chi-square/df=4.839 p-value= .000

AGFI=.833 GFI= .815

TLI= .751 CFI= .917

RMSEA= .197

CFA shows a considerable alteration. $\chi 2$/df value is 4.839, which is slightly greater than 3. (Joreskog and Sorbom) 1993 presumed value between 0 and 3 shows better suited to a smaller value of what it should be. The GFI, TLI, and CFI values were 0.81, 0.75 and 0.91, which is close to the value of the reference 0.9. RMSEA value equal to 0.19, and is greater than the reference value of 0.08, while (Cudeck andBrowne, 1993) are shown, the adjustment value of the lower RMSEA 0.08 good. Idealized coefficient estimates were 0.75, 0.50, 0.81 and 0.51. All of these values are above the acceptable level of 0.3, therefore, is considered to be good with a P <0.001. R 2 values are 0.56, 0.25, 0.66, and 0.26, these values T17, T18, T19 and T2O predict the percentage difference INC explained by each factor indicated.

All values are very close to the value as a reference model is accepted.

4.1.1 .2 ORGANIZATIONAL PERFORMANCE

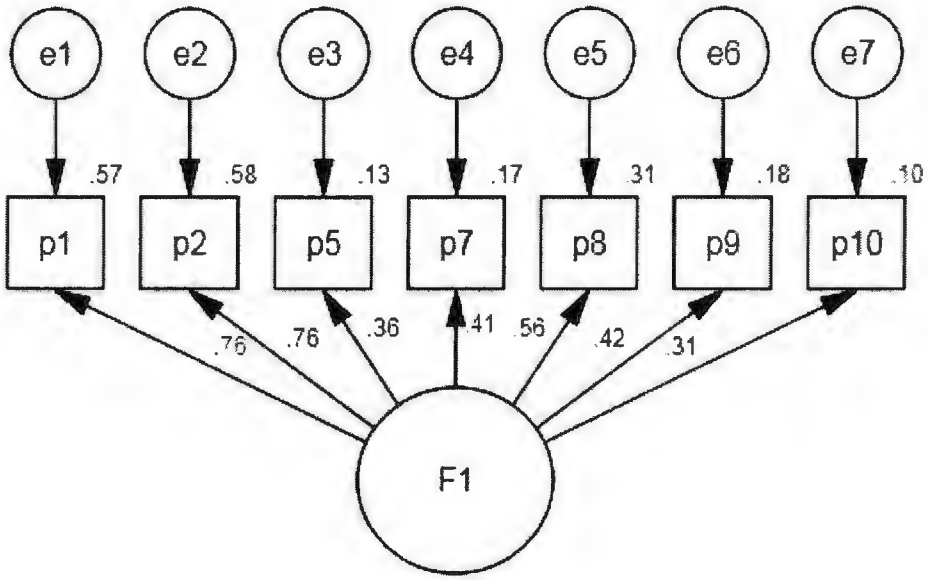


Figure 8 CFA for "ORGANIZATIONAL PERFORMANCE"

Chi-square= 30.058	df= 14
Chi-square/df= 2.147	p-value= .000
AGFI=.798	GFI= .812
TLI= .802	CFI= .868
RMSEA= .108	

CFA shows a slight adjustment. $\chi 2/df$ value 2.147 is less than 3. Speculated in (Joreskog & Sorbom 1993), ranging from 0-3 display is more suitable in a smaller value should be. The GFI, TLI, and CFI values were 0.81, 0.80 and 0.86, which is close to the value of the reference 0.9. RMSEA value equal to 0.10, higher than the reference value of 0.08, while (BrowneandCudeck, 1993) the value is less than said RMSEA 0.08 good choice. The

standardized estimate coefficient for P1,P2,P5,P7,P8,P9,P10 0.76, 0.76,0.36,0.41,0.56,0.42 and 0.31 respectively. All of these values are above the acceptable level of 0.3, and therefore, is considered to be suitable for use with p <0.001. The values R2 is 0.57, 0.58, 0.13, 0.17, 0.31, 0.18 and 0.10 for P1, P2, P5, P7, P8, and P9, and P10, these values indicate that the interpretation of each of the indicators is the percentage change of the OP factors.

All values are very close to the value of a reference model to be accepted.

4.1.1.3 INNOVATIVE WORK BEHAVIOUR

IDEA GENERATION

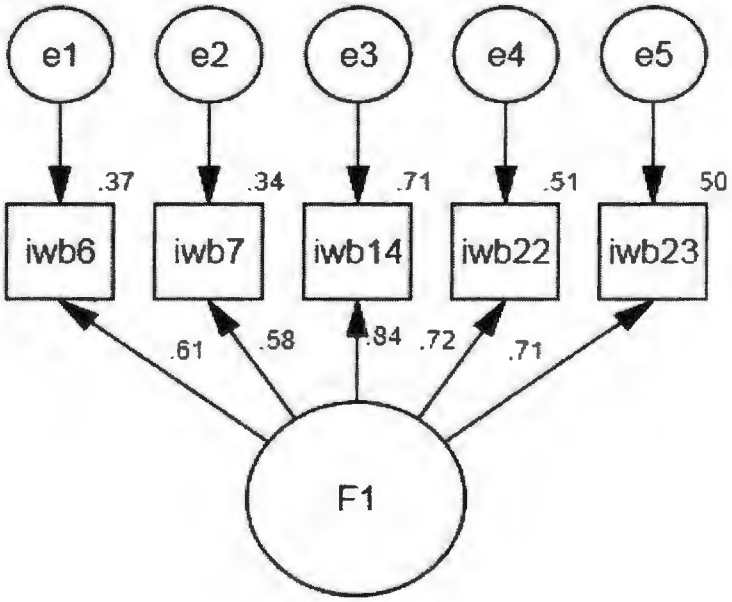


Figure 9 CFA for "IDEA GENERATION"

Chi-square= 7.55	df= 5
Chi-square/df= 1.51	p-value= .000

AGFI=.919 GFI= .814

TLI= .968 CFI= .984

RMSEA= .072

CFA shows a slight adjustment.χ2/df value is 1.51, which is less than 3. (Joreskog and Sorbom) 1993 speculated that range from 0-3 better suited to a smaller value of what it should be. The GFI, TLI, and CFI values were 0.81, 0.96 and 0.98, which is close to the value of the reference 0.9. RMSEA value equal to 0.07, and is greater than the reference value of 0.08, while Cudeck (Browneand, 1993), values below 0.08 RMSEA is a suitable guarantee. The idealized influence estimated coefficients are 0.61, 0.58, 0.84, 0.72 and 0.71. All of these values are above the acceptable level of 0.3, therefore, is considered to be good with a P <0.001. R 2 values are 0.37,0.34,0.71,0.51 and 0.50 these values for IWB6, IWB7 IWB14 IWB22 and IWB23 represents the difference of the percentage of each pointer in the IDEAG..

All values are very close to the value as a reference model is accepted.

IDEA PROMOTION

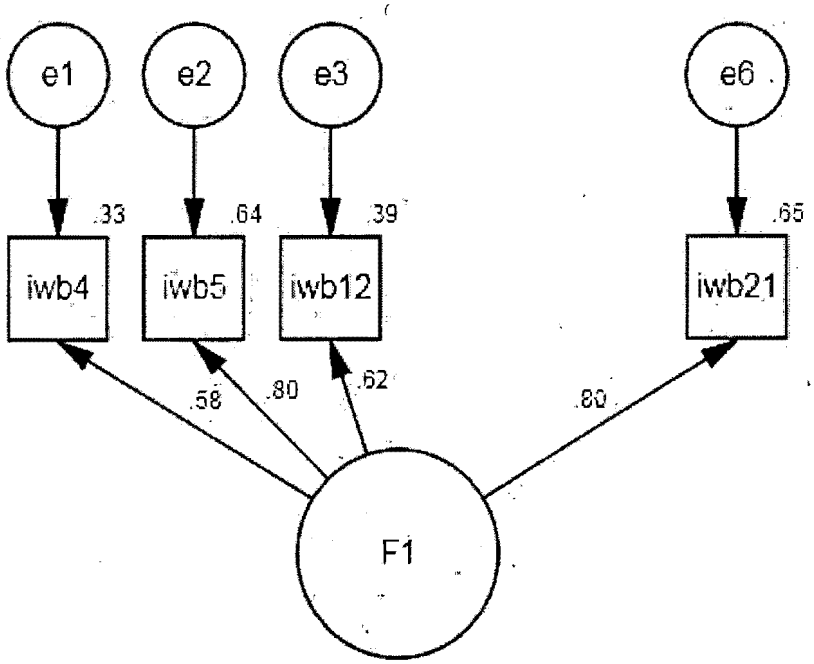


Figure 10 CFA for "IDEA PROMOTION"

Chi-square= 4.598	df= 2
Chi-square/df= 2.299	p-value= .000
AGFI= .890	GFI= .978
TLI= .934	CFI= .978
RMSEA= .115	

CFA shows a slight adjustment.$\chi 2$/df value is 2.99, which is less than 3. Joreskog and Sorbom (1993) speculated that range from 0-3 is more suitable in a smaller value should be. The GFI, TLI, and CFI values were 0.97, 0.93 and 0.97, which is close to the value of the reference 0.9. RMSEA value is equal to 0.11, is greater than the reference value of 0.08, under

BrowneandCudeck (1993) RMSEA value is less than 0.08 indicates good adjustment. The standardized coefficients were 0.58, 0.80, 0.62 and 0.80. All of these values are above the acceptable level of 0.3, therefore, is considered to be good with a P <0.001. The value of R 2 0.33, 0.64, 0.39 and 0.65 IWB4, IWB5, IWB12 and IWB21, these values represent the percentage change for each indicator IDP factors explain.

All values are very close to the value as a reference model is accepted.

IDEA IMPLEMENTATION

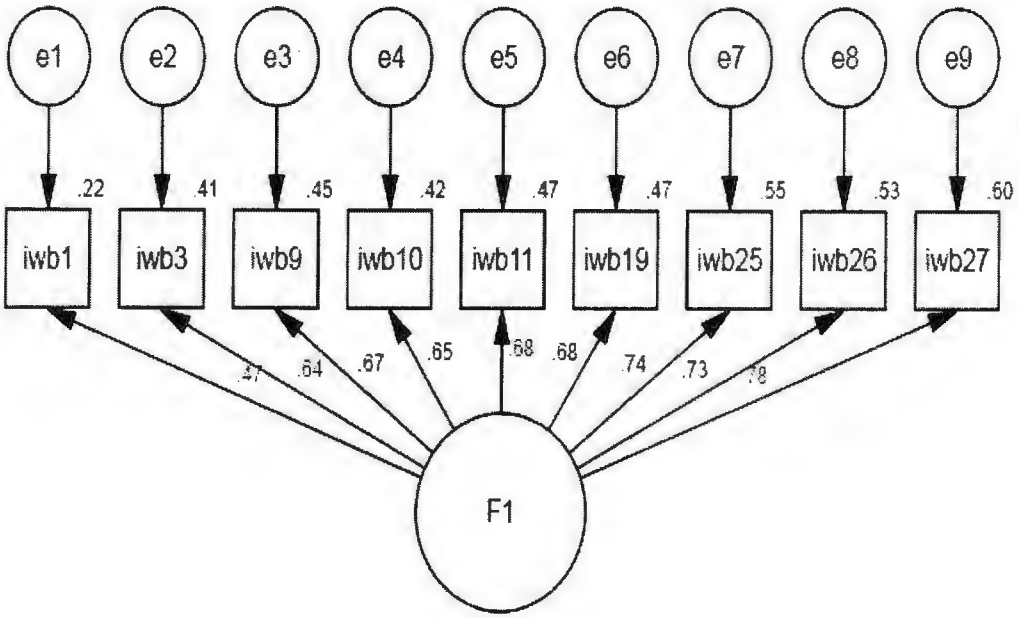


Figure 11 CFA for "IDEA IMPLEMENTATION"

Chi-square= 2.652 df= 2

Chi-square/df= 1.326 p-value= .000

AGFI=0.849 GFI= 0.851

TLI= 0.966 CFI= 0.989

RMSEA= .057

CFA shows a slight adjustment.$\chi 2$/df value is 1.326, which is slightly greater than 3. (Joreskog and Sorbom 1993) presumed value between 0 and 3 shows better suited to a smaller value of what it should be. The GFI, TLI, and CFI values were 0.85, 0.9 and 0.98, which is close to the value of the reference 0.9. RMSEA value equal to 0.05, higher than the reference value of 0.08, while (BrowneandCudeck, 1993) the value is less than said RMSEA 0.08, good choice. The estimated coefficients are 0.47, 0.64, 067, 0.65, 0.68, 0.68, 0.74, 0.73 and 0.78. All of these values are 0.3 or more, the proper level, therefore, is considered to be acceptable, with a p <0.001. R2 value is 0.22,0.41,0.45,0.42,0.47,0.47,0.55,0.53 and 0.60 IWB1 the IWB5 IWB9, IWB10 IWB11 IWB19 IWB25 IWB26 IWB27 respectively, these values show that in IDI these percentage of changes are brought by each pointer. All values are very close to the value as a reference model is accepted.

4.2 MAIN STUDY

4.2.1 SAMPLE CHARACTERISTICS AND DESCRIPTIVE STATISTICS

Demographic variables		Frequency	% total sample	Mean	S.D
Gender	Male	208	81%	**0.60**	**0.50**
	Female	41	19%		
Age (in years)	21-25	20	0.8 %	**29.00**	**7.27**
	26-30	30	12 %		
	31-35	100	40 %		
	36-40	50	20 %		
	Above 40	49	19%		
Education	10 – 12	25	10%	**2.57**	**1.10**
	12 – 14	40	16%		
	14 – 16	100	40%		
	16 – 18	37	14%		
	Above 18	47	18%		
Experience	0 – 3	25	14%	**1.87**	**1.30**
	3 – 7	103	41%		
	7 – 10	72	28%		
	Above 10	39	39%		

4.3.1 INSTRUMENTS:

4.3.1.1 TRANSFORMATIONAL LEADERSIIIP

TL fa cet of Multifactor Leadership Questionnaire MLQ-5X, developed by B ass and Avolio (1995) was used to measure transformational aspect of leadership. This scale consisted of 20 items. All the items were anchored on five point Likert type scale, ranging from never (1) to always (5). All aforementioned items were above the inclusion criteria.

4.3.1.2 ORGANIZATIONAL PERFORMANCE

Organizational performance scale was measured by using the instrument developed by Qureshi; T.M (2010).The scale consisted of 10 items and was anchored at five point Likert- type scale ranging from strongly disagree (1) to strongly agree (5). The items P3, P4 and P6 were excluded because they didn't fall in the inclusion criteria.

4.3.1.3 INNOVATIVE WORK BEHAVIOR

IWB scale will be measured by using the instrument developed by Zaman (2006). This scale consists of 27 items and is anchored at five point Likert- type scale ranging from strongly disagree (1) to strongly agree (5). The items IWB2, IWB8, IWB9, IWB12, IWB13, IWB14, IWB15, IWB16, IWB17, IWB18, IWB20, IWB21 and IWB24 were excluded because they didn't fall in the inclusion criteria.

4.4 REALIABILITIES ESTIMATES OF MEASUREMENT SCALES

Table 2: Alpha Reliability Coefficients of instruments (N=249)

Scale	No. of items	Value of Cronbach's alpha
ATTC	4	.79
IDI	4	.81
INM	4	.85
INS	4	.82
INC	4	.87
IWB	18	.88
OP	7	.86

The Table no.3 describes the dependability figures Cronbach Alpha of the instruments incorporated in the reading show evidence that all the scales are in the suitable range. The alpha values range from .79 of ATTC to .88 of IWB.

4.5 TEST RESULTS OF RESEARCH MODEL

4.5.1 CORRELATIONS

Table 3: Correlation Matrix of all the Variables (N=249)

		I	II	III	IV	V	VI	VII
I	ATTC	-						
II	IDI	.779(**)	-					
III	INM	.717(**)	.793(**)	-				
I V	INS	.635(**)	.742(**)	.693(**)	-			
V	INC	.722(**)	.741(**)	.717(**)	.719(**)	-		
VI	Iwb	.372(**)	.457(**)	.445(**)	.374(**)	.462(**)	-	
VII	Op	.366(**)	.414(**)	.427(**)	.360(**)	.507(**)	.629(**)	-

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

The inter-scale correlation matrix in above table 4 exhibits that the inter-scale correlation matrix shows significant positive correlation among all the variables of the research. ATTC positively affects IDI (0.779), ATTC positively affects INM (0.717), ATTC positively affects INS (0.635), ATTC positively affects INC (0.722), ATTC positively affects IWB (0.372) and ATTC positively affects OP (.366). IDI positively affects INM (0.793), IDI positively affects INS (0.742), IDI positively affects INC (0.741), IDI positively affects IWB (0.457) and IDI positively affects OP (.414).), INM positively affects INS (0.693), INM positively affects INC (0.717), INM positively affects IWB (0.445) and INM positively affects OP (0.427). INS positively affects INC (0.719), INS positively affects IWB (0.374) and INS positively affects OP (0.360).INC positively affects IWB (0.462), INC positively affects OP (0.507).IWB positively

affects OP (0.629) .All the facets of Transformational leadership facets positively affect innovative work behavior and organizational performance.

4.5.2 TESTING OF STRUCTURAL MODEL

In order to test the hypothetical model, following the testing of the final measurement model, the fit of the structural model was estimated to test the hypothesized relationships between the all exogenous and endogenous variables of interest.

4.5.2 FITNESS OF MODEL

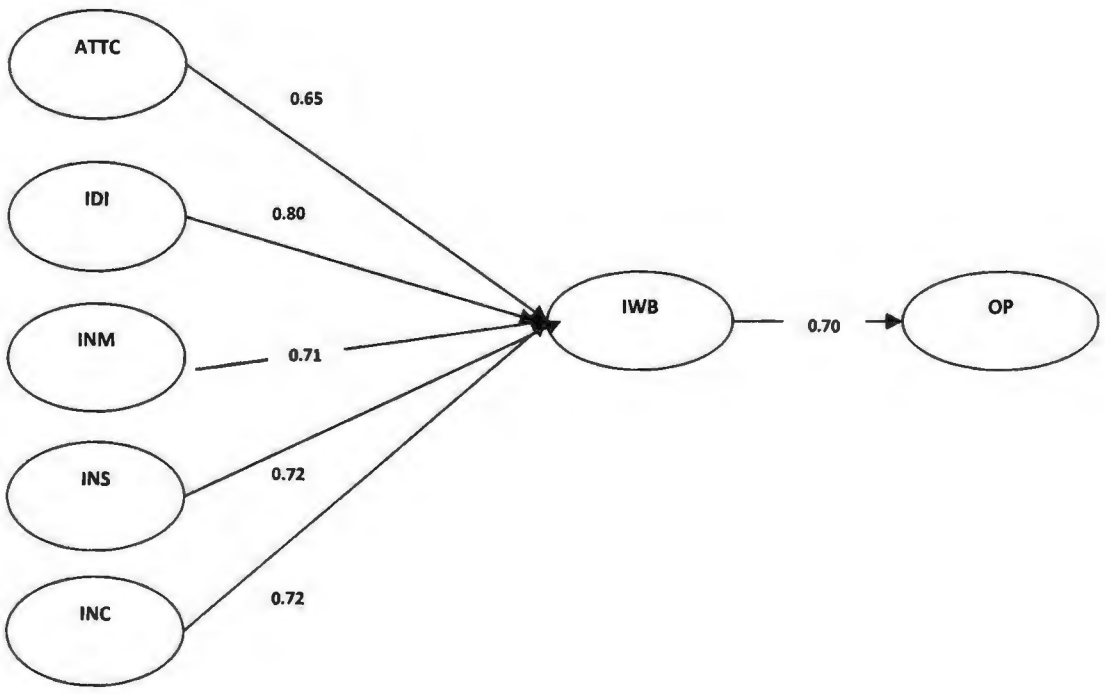


Figure 12 Structural Equational Modeling

Chi-square= 12.77 df = 3

Chi-square/df= 4.243	p-value= .000
AGFI= .976	GFI= .957
TLI= .963	CFI= .989
RMSEA= .11	

The psychometric measurement $\chi 2$/df value (Chi-square/Df), according to the analysis is 4.243, which is slightly higher than the reference values, but less than 5. GFI, TLI and CFI the value 0.957, 0.963 and 0. 989 respectively, to meet the requirements of 0.9. , RMSEA value of 0. 11 and the value of 0.10 are slightly higher than the benchmark.

4.6 RESEARCH FINDINGS

4.6.1 REGRESSION COEFFICIENTS (DIRECT EFFECTS)

After determining a suitable model, the next step is the model of the evaluation by the regression coefficients. The structure of the model is shown in Figure 10.A. with the conceptual framework of the relationship between all variables is mentioned in Table 5.

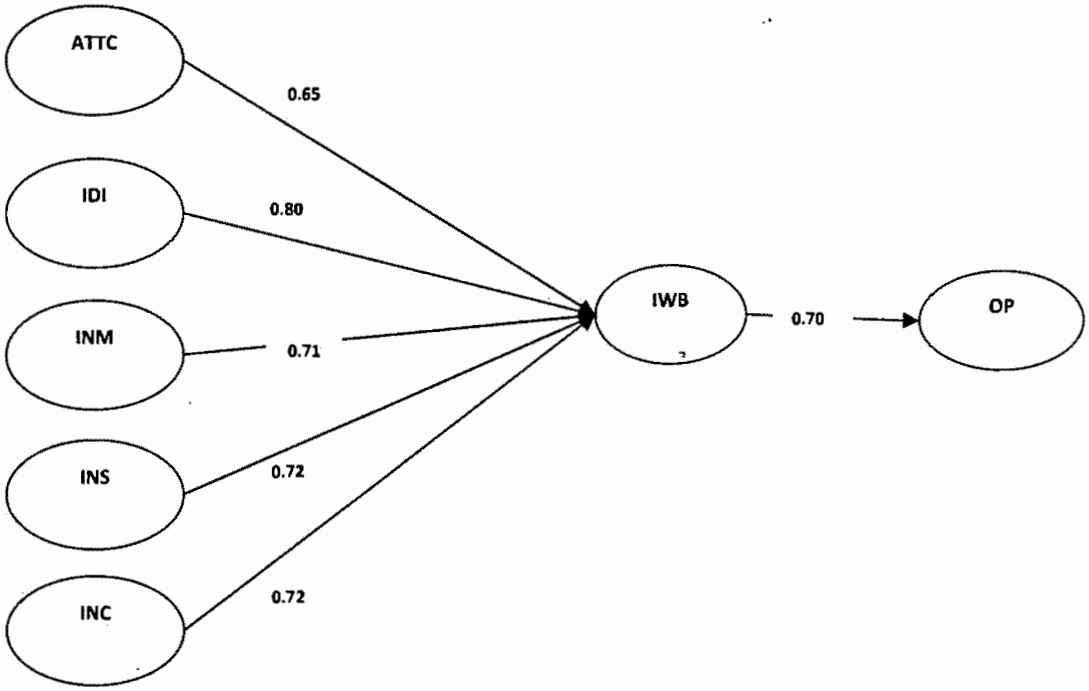


Figure 13 Structural Equational Modeling

ATTC positively affects IWB (0.65), IDI positively affects IWB (0.80), INM positively affects IWB (0.71), INS positively affects IWB (0.72) and INC positively affects IWB (0.72). All the facets of Transformational leadership facets positively affect innovative work behavior.IWB positively effects organizational performance (0.70), values of coefficients and significance are mentioned in the table below.

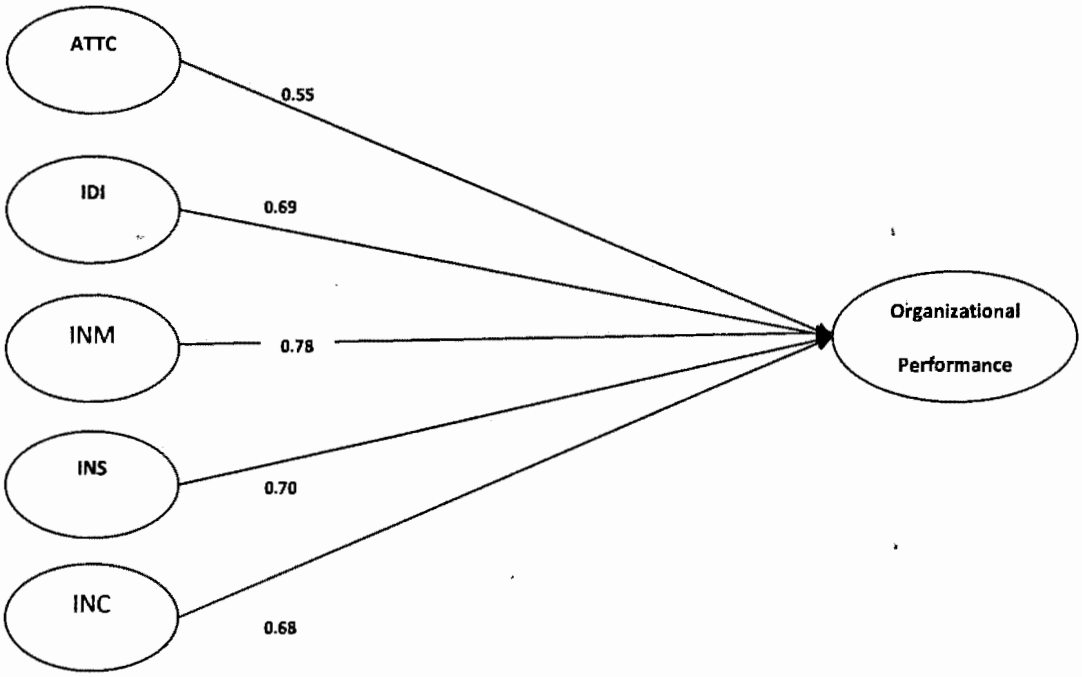


Figure 14 Structural Modeling (Direct effects)

ATTC positively affects ORGP (0.55), IDI positively affects ORGP (0.69), INM positively affects OP (0.78), INS positively affects OP (0.70) and INC positively affects OP (0.68). All the facets of TL facets positively affect OP; values of coefficients and significance are mentioned in the table below.

Table 4: Structural Model Estimates

Causal Paths	Hypothesis	Regression Coefficients	P-Value	Results
ATTC ⟶ IWB	H01	0.65****	0.00	Sustained
IDI ⟶ IWB	H02	0.80****	0.00	Sustained
INM ⟶ IWB	H03	0.71****	0.00	Sustained
INS ⟶ IWB	H04	0.72****	0.00	Sustained
INC ⟶ IWB	H05	0.72****	0.00	Sustained
IWB ⟶ OP	H06	0.70****	0.00	Sustained
ATTC ⟶ OP	H07	0.55****	0.00	Sustained
IDI ⟶ OP	H08	0.69****	0.00	Sustained
INM ⟶ OP	H09	0.78****	0.00	Sustained
INS ⟶ OP	H10	0.70****	0.00	Sustained
INC ⟶ OP	H11	0.68****	0.00	Sustained

Note: ****P≤0.00

4.7 MEDIATION EFFECTS (INDIRECT EFFECTS)

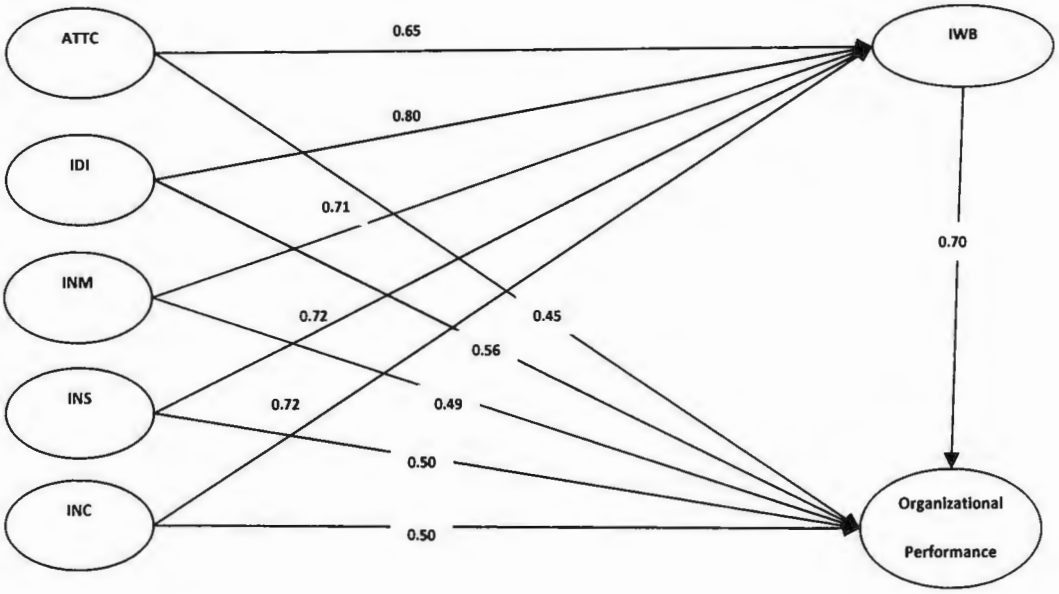


Figure 15 Structural Model for Mediation (In Direct effects)

Preacher and Hayes (2008) conjectured bootstrapping method in SEM to assess mediation and prioritized it over conventional approaches. This method evaluates circumlocutory effects with the help of product of two direct effects between the independent variable, the arbitrator and the reliant variable. The analysis is conducted by using a re-sampling process and computing the confidence intervals (CI).

The consequence is determined with the lack of zero in CI at 5% consequence level. This method is projected by many authors and assumes non normal data and small as well as medium sample sizes. The number of samples was 2,000.

Table 5:Mediation Effects

Mediation Paths	Hypothesis	Regression Coefficients	P	Confidence Interval	**Results**
ATTC ⟶ IWB ⟶ OP	H012	0.45****	.001	(0.031-0.354)	Sustained
IDI ⟶ IWB ⟶ OP	H013	0.56****	.001	(0.020-0.357)	Sustained
INM ⟶ IWB ⟶ OP	H014	0.49****	.001	(0.075-0.392)	Sustained
INS ⟶ IWB ⟶ OP	H015	0.50****	.001	(0.120-0.257)	Sustained
INC ⟶ IWB ⟶ OP	H016	0.50****	.001	(0.035-0.312)	Sustained

Note: ****P≤0.001

The regression coefficients for mediating effects and significance levels are shown in Table 6. The results prove partial mediation of IWB among facets of TL and OP. As CI's did not include zero, hence it further supported the mediation.

CHAPTER 5: DISCUSSION

The aim of the study was to examine the impact of TL and IWB on organizational performance and to investigate the mediating role of IWB in fostering the relationship between TL and organization performance.

5.1 IMPACT OF TL FACETS ON IWB

The first five hypotheses anticipated a positive impact of TL facets (i.e. attributed charisma, idealized influence, inspirational motives, intellectual stimulation and idealized consideration) on innovative work behavior. These hypotheses were substantiated as all the transformational leadership facets were found to have significant and positive impact on innovative work behavior.

The results were in line with the past literature. Transformational leaders when compared with transactional leaders motivate people working with them to develop a habit of logical thinking and presenting creative ideas (Sosik, et al., 1997). Lee and Jung (2006) found that TL promotes innovative skills of their employees. Shin and Zhou (2003) also found a positive association between transformational leadership and follower's creativity. Very few studies have also overviewed the relationship between TL to IWB, for instance, Janessen (2002) established a positive and significant relationship between TL and IWB. Reuvers et al. (2008) also found a positive association between transformational leadership and innovative work behavior.

Changing business environment requires organizations to transform and be competitive and innovative. Administrators within the organizations are now required to change their style and adopt leadership role. The leaders with their strong dedication and devotion can provide new life to the organizations (Hogan & Kaiser, 2005). For this purpose leaders rely on their

employees' innovative work behavior. In encouraging employee's innovativeness leadership style makes a considerable difference. Stimulating innovative work behavior asks for leader's participation, vision, support, motivation and intellect; attributed to transformational leadership. The present study found transformational leadership leading employees to exhibit innovative work behavior.

5.2 IWB IMPACT ON ORGANIZATIONAL BEHAVIOR

The sixth hypothesis anticipated that IWB would have a positive impact on OP. The hypothesis was upheld and the results were in line with the past literature.

Past literature supports a positive relationship between innovation and performance (Jimenez and Sanz Valley, 2011; 2006).Innovation is found to affect the organizational performance (Rosenbusch et al, 2011). According to the forecast, Han et al. (1998), a market-driven company should be innovative, which, may lead towards better performance.

The literature summary submitted plans, financial incentives and government internal incentive and humility certainly impact on enhancing performance (Cook, 1994). There is a lack of studies; however, exploring financial incentives and intrinsic motivation combine to help manufacturers in the size of tradition and innovation. (Cameron and Pierce, 1994; Koestner, and Ryan, 1999; Eisenberg, Lodz, and Cameron, 1999)

5.3 IMPACT OF TL FACETS ON ORGANIZATIONAL PERFORMANCE

The next (i.e. seventh to eleventh) five hypotheses anticipated the positive affect of TL facets (i.e. attributed charisma, idealized influence, inspirational motives, intellectual stimulation and idealized consideration) on organizational performance. The hypotheses were substantiated. The results were in line with the past literature.

Past literature established a strong and positive relationship between follower's performance and leadership (House, 1988; Bass 1990). The TL was also found to have an effect on performance (Avolio and Shamir, 2002; Lim and Ployhart, 2004; Schaubroeck et al., 2007). Transformational leaders through their vision, motivation and consideration help employees to perform beyond expectation.

5.4 MEDIATING ROLE OF IWB IN RELATIONSHIP BETWEEN TL FACETS ON ORGANIZATIONAL PERFORMANCE

The Twelfth to sixteenth hypotheses anticipated the mediating role of IWB in the relationship between TL facets and OP.

Past literature supported the partial mediation effect of IWB in the relationship between TL and OP. According to Yukul (1999) the effect of TL on organizational performance has been established but the means through which it attains influence are quite unclear. Some studies have focused on the variables like innovation while examining the effect of transformational leadership on performance (Bass, 1999). So the transformational leadership not only has a direct effect on organizational performance but they influence the performance through an indirect path through innovative work behavior.

5.5 IMPLICATIONS OF THE STUDY

The study has both theoretical and practical implications. From theoretical Perspective, present study makes a significant contribution to the existing body of knowledge in the field of IWB. Although as mentioned this topic needs further extensive investigation. In reality, little attention has been made to the analysis of the influence of leadership in fostering the innovative work behavior that subsequently effect the organization performance. Finally, the

study promotes a theoretical model which integrates different aspects of organizational performance, TL and IWB.

In terms of applied significance the study put forward that the managers should become aware that their role and leadership style in organization performance which may provide support for innovative work behavior among the employees. The knowledge of interaction of leadership style and organizational performance would be beneficial to better manage innovation related work attitudes.

In past, much attention has been focused on the effect of organizational performance and leadership styles on innovative work behavior at organizational level. However, with increasing competition it is necessary that employees of the organizations also indulge in innovative behaviors. The study provides guidelines useful for managers in enhancing employee's innovative behaviors. Organizations can train leaders to create conducive innovative behavior for organization performance. The management may focus on TL as a fundamental aspect of supervisory practices due to its impact on perceptions of employees and their behavior and eventually leading towards organizational performance and innovative work behavior.

Findings of the study also serve as a first step in exploring innovative behavior in Pakistani business organizations. The findings of this study provide an initial understanding and can provide the ground for further investigation in this area.

5.6 LIMITATIONS AND FUTURE RESEARCH

The analyses of the present study were based on the uni dimensional measures of IWB and Organizational performance. It is proposed that further research may carry this study by considering all the facets of these two variables.

Another possible limitation is the fact that this study entirely focused on one leadership style i.e. TL, so the study was unable to find out the impact of other important leadership styles on IWB. It is suggested and recommended for future studies to account for other styles of leadership.

Another limitation for the present study was its cross-sectional study design. The examination of the process of employee's perceptions about their leadership and changing leadership styles may have impact on their IWB, such study requires relatively longer period. A longitudinal design would tap the dynamic nature of these variables and its outcomes in different forms in a more comprehensive manner. Therefore, further studies may be carried out with a longitudinal design.

Furthermore, future studies should have a more enriched model by having comparisons over time. Future studies may also have compare with diverse organizations on the basis of culture and other demographic variables. Replication of the current study m ay enhance its generalizability. Similarly validation of the current findings may be sought by examining employees from other professions such as teachers, bank employees, employees from telecommunication organizations etc.

5.7 CONCLUSION

The purpose of the study was to fold: determining the direct impact of TL and IWB on organization performance, investigating the mediating role of IWB in fostering the relationship between TL and organizational performance. It is evident from the preceding discussion that TL and IWB have direct impact on organization performance.

Overall, the current research provides support for IWB based mediating role. The results showed that IWB partially mediates the relationship between TL and OP. Present study like

previous one (Jung et al., 2003) found IWB to be one of the most important factor in enhancing the relationship between TL and IWB.

REFERENCES

Andrew, V. (1986). Management Science, Vol. 32, No. 5, Organization Design, pp. 590-607

Argyris, C. & Schon, D. (1996). Organizational Learning II: Theory, Method, and Practice. Reading, Mass.: Addison-Wesley, 1996.

Avolio, B. J. & Bass, B. M. (1988). Transformational leadership, charisma, and beyond. In J. G. Hunt, B. R. Baliga, H. P. Dachler, & C. A. Schriesheim (Eds.), emerge leadership vistas: 29-49. Lexington, MA: Lexington Books.

Avolio, B. J., B. M. Bass and D. I. Jung (1999).Reexamining the Components of Transformational and Transactional Leadership Using the Multifactor Leadership Questionnaire', Journal of Occupational and Organizational Psychology 72, 441-462.

Banbury C. M. & Mitchell W. (1995).The effect of introducing important incremental innovations on market share and business survival. Strategic Management Journal, Summer Special Issue 16: 161–182.

Bass, B. & Avolio, B. (1997). Full range leadership development: Manual for the multifactor leadership questionnaire. Redwood City, CA: Mind Garden.

Bass, B. M. (1990). From transactional to transformational leadership: Learning to share the vision. Organizational Dynamics, 18, 19-31.

Bass, B. M. (1985). Leadership and performance beyond expectation. New York: Free Press.

Bass, B. M. (1998). Transformational Leadership; Industry, Military, and Educational Impact (Lawrence Erlbaum Associates, Mahwah, NJ).

Bass, B. M. (1999). Two Decades of Research in Transformational Leadership', European Journal of Work and Organizational Psychology 8(1), 9-32.

Bass, B.M., Avolio, B.J., Jung, D.I. & Berson, Y. (2003). Predicting unit performance by assessing transformational and transactional leadership. Journal of Applied Psychology, Vol. 88 No. 2, pp. 207-18.

Bass, M.B., & Avolio, J.B. (1995). The Multifactor leadership questionnaire leader from 5-x short. Palo Alto, CA: Mind Garden.Retrieved October 26, 2004, from http:// scholar. Lib. Vit. Edu/ theses/ available/etd-0218200416594/unrestricteddissertaionFinalDocument.

Bennis, W. G., & Nanus, B. (1985). Leaders: The strategies for taking charge. New York: Harper & Row. Journal of Applied Psychology, Vol. 88 No. 2, pp. 207-18.

Bilgihan, A., Okumus, F., & Kwun, D. J. W. (2011). Information technology applications and competitive advantage in hotel companies. Journal of Hospitality and Tourism Technology, 2(2), 139-154.

Browne, M.W. & Cudeck, R. (1993). Alternative Ways of Assessing Model Fit. In: Bollen K, Long J, editors. Testing Structural Equation Models. Sage; Newbury Park, CA: 1993. pp. 136–162.

Brownell, P. (1983). The motivational impact of management-by-exception in a budgetary context. Journal of Accounting Research, 21, 456-472.

Bryman, A. (1992). Charisma and leadership in organizations. Newbury Park, CA: Sage.

Burns, J. M. (1978). Leadership. New York: Harper & Row. *Journal of Applied Psychology*, Vol. 88 No. 2, pp. 207-18.

Cameron, J., & Pierce, W. D. (1994). Reinforcement, reward, and intrinsic motivation: A meta-analysis. Review of Educational Research, 64, 363-423.

Chartier, W. (1998). The potential of parallel multi-value methods for the simulation of large real-life problems, CWI Quarterly, Vol. 11, No.1, 1998.

Conger, J. A. (1989). The charismatic leader. San Francisco: Jossey-Bass. *Journal of Applied Psychology*, Vol. 88 No. 2, pp. 207-18.

Cook, S. (1994). The cultural implications of empowerment", Empowerment in Organizations, Vol. 2 No. 1, pp. 9-13.

Crant, J. M. (2000). Proactive behavior in organizations. Journal of Management, 26, 435–462.

Crant, J. M., & Bateman, T. S. (2000). Charismatic leadership viewed from above: The impact of proactive personality. Journal of Organizational Behavior, 21, 63–75.

Damanpour, F. and Evan, W. M. (1984). Organizational innovation and performance: The problem of organizational lag. Administrative Science Quarterly, 29: 392-409.

Damanpour, F. Y Gopalakrishnan, S. (1998). Theories of organizational structure and innovation adoption: the role of environmental change. Journal of Engineering and Technology Management, Vol. 15, pp. 1-24.

Daniel, J. and Raquel.W. (2011). Organizational innovation and performance. *Journal of Business Research*, 2011, vol. 64, issue 4, pages 408-417.

Danneels, E. &Kleinschmidt, E. J. (2001). Product Innovativeness from the Firm's Perspective: Its Dimensions and their Relation with Project Selection and Performance. *Journal of Product Innovation Management*, 18, 353-373.

De Jong, J. (2006). Individual Innovation: The connection between leadership and employees' innovative work behavior. Paper provided by EIM Business and Policy Research in its series Scales ResearchReports with number R200604. Retrieved October 24, 2007.

Delaney, J.T. & Huselid, M.A. 1996. The impact of human resource management practices on perceptions of performance in for-profit and nonprofit organizations. Academy of Management Journal, 39, 949-969.

Drucker, P. F. (1981). Managing in Turbulent Times. London: Pan Business Management.

Drucker, P. F. (1993). Post capitalist Society. New York: Herper Collins Publishers.

Drucker, P. F. (1999a). Knowledge-worker productivity: the biggest challenge, California Management Review, Vol. 41 No. 2, pp. 79-94.

D'Souza,Taghian, M. Lamb P. & Peretiatko. R. (2007). Green decisions: Demographics and consumer understanding of environmental labels, International Journal of Consumer Studies, 31,371-376.

Dundon, T. (2006). Capturing Complexity: developing an integrated approach to analyzing HRM in SMEs', Human Resource Management Journal, Vol 16 (1), pp 48-73.

Dvir, T, Eden, D., Avolio, J. B., & Shamir, B. (2002). Impact of transformational leadership on follower development and performance: A field experiment. The Academy of Management.

Dyer, L & Reeves, T. (1995). HR strategies and firm performance: what do we know and whereGardner, T.M. (2005), "Interfirm competition for human resources: evidence from the software industry", Academy of Management Journal, Vol. 48 No. 2, pp. 237-56.

Ellonen, R., Blomqvist, K. & Puumalainen, K. (2008). The role of trust in organizational innovativeness. European Journal of Innovation Management, 11(2): 160-181.

Hambrick, D. C. (1989). Putting top managers back in the strategy picture. Strategic Management Journal, 10: 5-15.

Hater, J., & Bass, B. (1988). Superiors' evaluations and subordinates' perceptions of transformational and transactional leadership. Journal of Applied Psychology, 73, 695-702.

Hurley,R. & Hult,T. (1998). Innovation, Market Orientation and Organizational Learning: An Integration and Empirical Examination. Journal of Marketing, Vol. 62, (July), pp. 42-54.

Hurley, H. (1998). Innovativeness construct using confirmatory factor analysis. European Journal of Innovation

J.S. Howard *et. al.* (2005). Research in Developmental Disabilities. Software International. Inc behavior. Journal of Occupational and Organizational Psychology, 73: 287–302.

Jin-FengUen, Ting Wu, Huei-Chun Teng & Yu-Shuan Liu. (2012). Transformational leadership and branding behavior in Taiwanese hotels. International Journal of Contemporary Hospitality Management, Vol. 24 Iss: 1, pp.26 – 43 - Causal model of spiritual leadership theory (Fry, 2003, p. 695). Australian Journal of Business and Management Research.

John T. Delaney and Mark A. Huselid. (1996). The Academy of Management Journal, Vol. 39, No. 4 (Aug., 1996), pp. 949-969Published by: Academy of Management.

Jöreskog, K. and Sörbom, D. (1996). LISREL 8: User's Reference Guide. Chicago, IL: Scientific Software International. Inc

Kanter, Rosabeth M. (1983). The Change Masters: Innovation for Productivity in the American Corporation. New York: Simon & Schuster, Chapter 9 in Quality and Productivity Management vol. 9, no. 4, 1992, pp. 33-59

Katz, D. (1964). Motivational basis of organizational behavior. Behavioral Science, 9: 131–146.

Katz, D., & Kahn, R. L. (1978). The social psychology of organizations, New York: Wiley.

Kline S, & Nathan, R. (1986). An Overview of Innovation. Appeared in: Ralph Landau and Nathan Rosenberg (Editors), 1986, Positive Sum Strategy: Harnessing Technology for Economic Growth, National Academy Press,and Washington, DC.

Koontz, H. & Donnell, C. (1993). Introduction to Management. McGraw-Hill Inc., New York.Vol.1 No.7 [100-111] October-2011

Kreiner, K. & Schultz, M. (1993). Informal collabora- tion in R&D: the formation of networks across organizations. Organization Studies, 14, 189–209.

Lööf H. & A. Heshmati, (2002). Knowledge Capital and Performance Heterogeneity: A Firm-Level Innovation Study, *International Journal of Production Economics*, 76(1), 61-85.

Lowe, K. B., K. G. Kroeck & N. Sivasubramaniam (1996). Effectiveness Correlates of Transformational and Transactional Leadership: A meta-analytic Review of the MLQ Literature', Leadership Quarterly 7(3), 385-425.

McGrath, R. G. and MacMillan, I. C. (2000). Assessing technology projects using RealOptions Reasoning. Research-Technology Management 43(4) pp. 35-49.

McShane, S.L. & Von Glinow, M.A. (2000). Organizational Behaviour, *N/A*, Irwin/McGraw-Hill, Burr Ridge, Illinois,

Merton, H. (2000). The History Of Finance: An Eyewitness Account," Journal of Applied Corporate Finance, Morgan Stanley, vol. 13(2), pages 8-14.

Mitchell R. K., Agle B. R. & Wood D. J. (1997). Toward a Theory of Stakeholder Identification and Salience: Defining the Principle of "Who and What' Really Counts. Academy of Management Review 22(4) 853-886.

Mitchell, H. J. (2002). Capturing the world: journey into the unknown.In L. Bennington (Ed.), Enhancing Business and Government Capability (pp. 8 p.c.).Beechworth: Australia New Zealand Academy of Management Conference. Paper presented at the 16th Australia New Zealand Academy of Management Conference, 4-7 December, Beechworth, Australia.

Morrison &. Phelps (1999). Organizational Citizenship Behavior, Self-Efficacy Scale, Individual Innovation, Voice. Academy of Management Journal, 42(4), 403 - 419.

Morrison, E. W., & Phelps, C. (1999). Taking charge: Extra-role efforts to initiate workplace change. Academy of Management Journal, 42, 403–419.

NGUYEN & NGUYEN-VAN Phu. (2011). Synergistic effects of organizational innovation practices and firm performance. CEPS/INSTEAD Working Paper Series2011-32, CEPS/INSTEAD

Nadler, D.A. and Tushman, M.L. (1989). Leadership for organizational change' in Mohrman, S., Ledford, G. Jr, Cummings, T., Lawler, E. III, and Associates (Eds), Large-scale Organizational Change, Jossey-Bass, San Francisco, CA, pp. 100-19.

Organ, D. W. (1988). Organizational citizenship behavior.The good soldier syndrome. Lexington, MA: Lexington Books.

Organ, D. W. (1988). Organizational citizenship behavior: The good soldier syndrome. Lexington, MA: Lexing-ton Books.

Paul and Anantharaman, (2003). Impact of People Management Practices on Organizational Performance: Analysis of Causal Model. International Journal of Human Resource Management, Vol.14, No.7, pp. 1246-1266.

Paul, A. K., Anantharaman, R. N., (2003). Impact of people management practices on organizational performance: analysis of a causal model, International Journal of Human Resource Management,14 (7): 1246-1266.

Perspective.Advances in Entrepreneurship. J. Katz and R. Brockhaus. Greenwich, JAI Press. 3:

Peter Lok, John Crawford, (2004). The effect of organisational culture and leadership style on job satisfaction and organisational commitment: A cross-national comparison", Journal of Management Development, Vol. 23 Iss: 4, pp.321 – 338

Phillips, G. (1996). Classroom rituals for at-risk learners. Vancou- ver, BC: Educserv, British Columbia School Trustees Publications.

Prashantham, S. (2008). New Venture Internationalization as Strategic Renewal, European Management Journal, 26: 378-387.

Preachr, K. J., & Haynes, A.F (2008). Asymptotic and reshaping of strategies for assessing and comparing indirect effect in multiple mediator models. Behaviour Research Methods, 40, 879-891.

Priyankaanerji, Venkat & R. Krishnan, (2000). Ethical preferences of transformational leaders: an empirical investigation", Leadership & Organization Development Journal, Vol. 21 Iss: 8, pp.405 - 413.

Rene Cordero, Steven T. Walsh & Bruce A. Kirchhoff, (2009). Organization technologies, AMT and competent workers: Exploring relationships with manufacturing performance", Journal of Manufacturing Technology Management, Vol. 20 Iss: 3, pp.298 – 313.

Ricketts, J. A., & Nelson, R. R. (1987). Management-by-exception reporting: an empirical investigation. Information Management, 12, 235-246.

Rouche, J. E., Baker, G. A., & Rose, R. R. (1989). Shared vision: Transformational leadership in American community colleges. Washington, DC: Community College Press.

S. Popadiuk & C.W. Choo. (2006). International Journal of Information Management 26 (2006) 302–312

Burgelman, R. A., & Sayles, L. R. (1986). Inside corporate innovation: Strategy, structure, andmanagement skills. New York, NY: Free Press.

Sashkin, M. (1988). The visionary leader. In J. A. Conger & R. N. Kanungo (Eds.), Charismatic leadership: 122-160. San Francisco: Jossey-Bass.

Sashkin, M. (1992). Strategic leadership competencies. In R. L. Phillips & J. G. Hunt (Eds.), Strategic leadership: 139-160. Westport, CT: Quorum Books.

Schaubroeck, Lam, S.S.K., & Cha, S.E. (2007) Embracing Transformational Leadership: Team Values and the Impact of Leader Behavior on Team Performance. Journal of Applied Psychology , Vol. 92, No. 4, 1020–1030.

Schumpeter, J. (1934). The Theory of Economic Development, Cambridge, Mass: HarvardUniversity Press.

Scott, S.G. & Bruce, R.A. (1994). Determinants of innovative behavior: a path model of individual innovation in the workplace", Academy of Management Journal, Vol. 37 No. 3, pp. 580-607.

Senge, P. M. (1990). The fifth discipline: The age and practice of the learning organization. London:Century Business.

Senge, P., C. Roberts, R. B. Ross, B. J. Smith & A. Kleiner (1994).The Fifth DisciplineFieldbook. New York: Doubled.

Spender, J. C., and Grant, R. (1996). Knowledge and the firm: Overview. Strategic ManagementJournal, Special Issue: 5-11.

Stoelhorst, J.W. and Van Raaij, E.M. (2004). On Explaining Performance Differentials: Marketing and the Managerial Theory of the Firm", Journal of Business Research, Vol. 57 No. 5, pp. 462-77.

Subramanian, A. and Nilakanta, S. (1996). Organizational innovativeness: exploring the relationship between organizational determinant of innovation, types of innovations, and measures of organizational performance", Omega, International Journal of Management Science, 24 (6), 631-47.

Subramanian, A. and Nilakanta, S. (1996). Organizational innovativeness: exploring the relationship between organizational determinant of innovation, types of innovations and Measures of organizational performance", Omega, International Journal of Management Science, 24 (6), 631-47.

Teece, D.J. (1986). Profiting from technological innovation: Implications for integration, collaboration, licensing, and public policy," Research Policy. Volume 15; journal research policy; volume15;number 6 ;pages 285-305 ; year 1985.

Thomas Hoholm, Fred H. Strønen, (2011). Innovation, strategy and identity: a case study from the food industry", European Journal of Innovation Management, Vol. 14 Iss: 3, pp.345 – 363

Tichy, N., &Devanna, M. (1986).Transformational leadership. New York: Wiley.

Tushman & Nadler (1986) Tushman, M.L. and Nadler, D. (1986) Organizing forinnovation. California Management Review 74-92.

Tushman, Michael, & D. Nadler (1986). Organizing for Innovation: California Management Review 28, no. 3 (spring 1986): 74-92.

Van de Ven, A.H. (1986). Central problems in the management of innovation", Management Science, Vol. 32, pp. 590-608.

Van den Bosch, F. A. J., H. W. Volberda & M. de Boer (1999). Coevolution of firm absorptive capacity and knowledge environment: organizational forms and combinative capabilities', Organizational Science, 10 (5), pp. 551–568.

Venkataraman, S. (1997). The Distinctive Domain of Entrepreneurship Research: An Editor's

Wang, C.L. & Ahmed, P.K. (2004). The development and validation of the organizational

West, M.A., & Farr, J.L. as in West, M.A. (2002). Sparkling fountains or stagnant ponds: An integrative model of creativity and innovation implementation in work groups.Applied Psychology: An International Review, 51, 355 - 424.

Yammarino, F. J., & Bass, B. (1990). Long-term forecasting of transformational leadership and its effects among naval officers: Some preliminary findings. In K. E. Clark, & M. B. Clark, (Eds.), Measures of leadership (pp. 171-184). West Orange, NJ: Leadership Library of America.

Yukl, G. (1999). An evaluation of conceptual weaknesses in transformational and charismatic leadership theories.*The Leadership Quarterly*, 10 (2), 285-305.

Yulk, G. (1994). Leadership in organisations (3rd ed.). Englewood Cliffs, NJ: Prentice Hall.

Zahra, S. A. and G. George (2002). Absorptive capacity: a review, reconceptualization, and extension', Academy of Management Review, 27 (2), pp. 185–203.

Zaman, S. (2006). Determinants of innovative work behavior: Organizational and Individual characteristics, (Unpublished M.Phil Dissertation). Islamabad: National Institute of Psychology, Quaid-i-Azam University.

Zerenler, M., Hasiloglu, S. B. & Sezgin, M. (2008). Intellectual Capital and Innovation Performance: Empirical Evidence in the Turkish Automotive Supplier. Journal of Technology Management Innovation, 3(4), pp. 31-40.

APPENDIX

Dear Sir / Madam,

This research has been designed to study the leadership and innovative behavior in organizational context as a part of requirement for successful completion of MS degree. In order to facilitate the data gathering and for successful completion of my research, your cooperation would be highly appreciated. Your individual and honest view of the information pertaining to your work setting would help in analyzing the said problem.

SECTION-I

Please read each statement carefully and indicate the degree to which you agree or disagree with each statement. You are requested to tick only one box for each statement. **There is no right or wrong answer.**

Strongly disagree	Disagree	Undecided	Agree	Strongly Agree
1	2	3	4	5

.No.	STATEMENTS	RATINGS
1	Quality of our products/services has been improved.	1 2 3 4 5
2	Development of new products or services is a major activity in our organization.	1 2 3 4 5
3	Organizational ability to attract employees has improved.	1 2 3 4 5
4	Ability to retain employees is a major strength of our organization.	1 2 3 4 5
5	Satisfaction of customers/clients is preferred concern of our organization.	1 2 3 4 5
6	Management and employees are having trustful relationship with each other.	1 2 3 4 5
7	Market Share of organization has been increased.	1 2 3 4 5
8	Our company has better standing in the market now, as compared to last 5 years.	1 2 3 4 5
9	Organizations' shares are improving in the stock exchange.	1 2 3 4 5
10	My organization sets SMART targets for the employees.	1 2 3 4 5
11	I successfully coordinate with administrative staff to support m new ideas.	1 2 3 4 5

12	I try to use available resources to explore new ideas in advance before the need arises.	1 2 3 4 5
13	I encourage formalization in implementation of new ideas and behaviors.	1 2 3 4 5
14	I realize ideas within my job nature with persistence.	1 2 3 4 5
15	I generate ideas to improve or redesign service/ activities that my department provides.	1 2 3 4 5
16	I suggest new ways of communication within my department.	1 2 3 4 5
17	I carry out new experiments within my work.	1 2 3 4 5
18	I feel my concern for my work related issues.	1 2 3 4 5
19	I systematically introduce innovative ideas in my work environment.	1 2 3 4 5
20	I mobilize support for my new ideas.	1 2 3 4 5
21	I intentionally attempt to maximize organizational profits from the application of new ideas.	1 2 3 4 5
22	I collaborate with my colleagues to transform new ideas that they become practicable.	1 2 3 4 5
23	I actively think about improvements concerning my colleague's work.	1 2 3 4 5
24	I generate new solutions to the old problems.	1 2 3 4 5
25	I independently sort and install new computer applications into my work situations.	1 2 3 4 5
26	I feel concern for my work related tasks.	1 2 3 4 5
27	I try to create situation to introduce and elaborate changes in different departments of organization.	1 2 3 4 5
28	I encourage novel ideas with minute details in order to increase its amount of diversity.	1 2 3 4 5
29	I make important company/organization members enthusiastic for my innovative ideas.	1 2 3 4 5
30	I minimize difficulties in process for idea implementation.	1 2 3 4 5
31	I generate ideas on how to optimize knowledge and skills within my work.	1 2 3 4 5

32	I mobilize support from colleagues for my new ideas and solutions.	1 2 3 4 5
33	I actively engage in gathering information to identify deviations from rules and, regulations within my department.	1 2 3 4 5
34	I think that new ideas facilitate new learning.	1 2 3 4 5
35	I emphasize on enforceability of work rules and procedures.	1 2 3 4 5
36	I do professional activities to bring innovative ideas from outside the organization.	1 2 3 4 5
37	I try to make my novel ideas as a significant contributing factor in organizational effectiveness.	1 2 3 4 5
38	I discuss matters with my colleagues concerning my work.	1 2 3 4 5

Following statements are designed to assess the ways of your supervisor/immediate boss adopts in work set-up. Please *think of your immediate boss* and encircle the items that best match you, according to the following scale.

Never	Seldom	Sometimes	Often	Always
1	2	3	4	5

S.No.	STATEMENTS	RATINGS
1.	He instills pride in me for being associated with him	1 2 3 4 5
2.	He goes beyond self interest for the good of the group	1 2 3 4 5
3.	He acts in ways that build other's respect for him	1 2 3 4 5
4.	He displays a sense of power and confidence	1 2 3 4 5
5.	He talks about the most important values and beliefs	1 2 3 4 5
6.	He specifies the importance of having a strong sense of purpose	1 2 3 4 5
7.	He considers the moral and ethical consequences of decisions	1 2 3 4 5
8.	He emphasizes the importance of having a collective sense of mission	1 2 3 4 5

9.	He talks optimistically about the future	1 2 3 4 5
10.	He talks enthusiastically about what needs to be accomplished	1 2 3 4 5
11.	He articulates a compelling vision of the future	1 2 3 4 5
12.	He expresses confidence that goals will be achieved	1 2 3 4 5
13.	He reexamines critical assumptions to question whether they are appropriate	1 2 3 4 5
14.	He seeks differing perspectives when solving problems	1 2 3 4 5
15.	He gets others to look at problems from many different angles	1 2 3 4 5
16.	He suggests new ways of looking at how to complete assignment	1 2 3 4 5
17.	He spends time in teaching and coaching	1 2 3 4 5
18.	He treats others as individuals rather than just the member of the group	1 2 3 4 5
19.	He considers the individuals as having different needs, abilities and aspirations from others.	1 2 3 4 5
20.	He helps others to develop their strengths	1 2 3 4 5
21.	He provides others with assistance in exchange for their efforts	1 2 3 4 5

SECTION-II

Please also complete the following information for our statistical record

Name (optional): ---------- **Gender:** ----------

Age: -------- **Education:** ---------- **Professional education :(if any)** ----------

Experience: ---------- **Experience in this organization:** ----------

Functional area:

Marketing/ sales Finance/ Accounts Personnel

General Management Production Others

Organizational Size: Large / Medium / Small **Management Level:** Low / Middle / Top

Training Received: Yes / No

Total number of employees within your organization: ----------