The Effect of Organizational Virtuousness on Employees’ Innovative Behavior: The Role of Moderating and Mediating Variables

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ABSTRACT

This objective of the study is to assess the association between OV and IB. Furthermore, the study scrutinizes the mediating effect of thriving between OV and IB. Moreover, this study also examines the moderating effect of CSE between thriving and IB. A quantitative also cross-sectional design was used. Data was collected from to test the proposed 509 respondents from high-tech construction and manufacturing industries of Iraq. The findings shown that OV has a positive association with innovative behavior. The mediation result also was significant. The findings shown that CSE weakened the association between thriving and IB. In the end, theoretical and practices implications was discussed with future recommendation.

Keywords: organizational virtuousness, Innovative behavior, Creative self-efficacy, thriving
INTRODUCTION

Over the past few years, many instances of organizational wrongdoing have prompted management to recognize the significance of virtues in workplace environments (Rego et al., 2010). Virtues refer to aspirations, acts, and behaviors that result in positive outcomes for both society and individuals (Gowri, 2007). In addition, Cameron et al. (2004) proposed the notion of organizational virtuousness (OV), which refers to procedures and behaviors that facilitate the continuation and spread of virtuous behavior inside an organization. Organizational virtue (OV) is seen by people where they are able to ascribe positive effects on humanity, societal improvement, and ethical conduct to the behaviors and procedures that are prevalent inside the organization.

OV is defined as an organizational environment that is marked by enthusiasm, trust, kindness, honesty, and forgiveness (Ho et al., 2023). Prior research has shown that OV may be cultivated by encouraging the adoption of shared ethical principles, a shared sense of purpose, and cooperative behavior among people (Mion et al., 2023). OV offers several advantages, including superior work performance, increased job satisfaction, strong emotional engagement, and exemplary civic behaviors (Ho et al., 2023). OV fosters employee engagement as well as well-being by promoting satisfaction that arises from social interactions among colleagues. Cultivating virtuousness is additionally related to a stronger willingness to pursue social advantages for both oneself and the organization.

Although recent efforts, the field of OV is lacking in theoretical as well as empirical development. Hence, the objective of this investigation is to expand upon previous studies about the personal level consequences of OV. The primary objective of this research is to investigate the influence of organizational virtuousness (OV) on inventive behavior (IB). The main objective of this research is to enhance comprehension of the correlation between OV and IB by examining workers' flourishing experiences. The suggested connections are conceptually influenced by the broaden-and-build hypothesis of happy emotions (Fredrickson, 2001). This idea posits that pleasant sentiments expand the range of thoughts and actions that humans are capable of. Positive feelings enable people to thrive by expanding their range of cognition and concentration (Fredrickson, 2001). Experiencing pleasant emotions enables workers to develop cognitive, interpersonal, and psychological assets that enable them to provide ongoing adaptive worth to the organization (Zhao et al., 2022).
This research posits that workers who OV tend to develop good sentiments towards their colleagues and the organization. Consequently, individuals cultivate an inherent preoccupation and a motivation to exhibit actions that generate worth for the organization. From now on, OV has the potential to enhance IB inside organizations. The OV also generates a self-sustaining pattern of flourishing. Thriving in work is a collaborative process that involves both energy and continuous learning. According to Shahid and Muchiri (2019), the socially established model of flourishing suggests that having beneficial assets and a positive working environment might enhance knowledge and energy levels in the workplace. Therefore, the cultivation of procedures and behaviors that promote growth and well-being in organizations enables people to flourish. Moreover, a flourishing experience encourages employee behaviors that provide inherent value for the organization. Based on these considerations, it can be said that thriving serves as an intermediate mechanism that promotes the interaction between OV and IB.

Innovation is an approach of creating value that is propelled by workers' perspectives on learning and vitality in their work environment (Wang et al., 2020). In the future, successful people are probably to show IB.

This research aims to investigate the potential impact of creative self-efficacy (CSE) on the link between flourishing and IB. CSE stands for an individual's conviction that creativity is a significant aspect of their description of oneself (Jaussi et al., 2007). It is a consistent identity concept that stays unchanged in many situations. CSE encourages people to express their unique identities by showcasing creativity in their acts and behaviors. CSE enhances an individual's inclination to participate in the production and implementation of innovative ideas in work environments (Orth & Volmer, 2017). This research posits that people with a high level of CSE would have a greater inclination towards IB when they experience flourishing.

While the origins of IB have been extensively researched, there is a scarcity of studies examining the influence of OV as well as virtues on IB. Therefore, the key contribution of this research is to emphasize the significance of OV as a crucial factor that influences individual innovation within organizations. Additionally, this secondary contribution is the explanation of the method by which OV affects individual IB. The final aspect of this work is to investigate the impact of a CSE component on affecting IB. This study aims to enhance the existing research on the correlation between CSE and IB as an additional contextual factor that might potentially reinforce the association between thriving on IB.
In recent times, researchers have advocated for investigating the consequences of OV, as suggested by (Ho et al. 2023). This research responds to the need of academics by emphasizing the specific results of OV, as identified by Bright et al. (2014). The research also investigates the contextual elements that might promote IB, as suggested by current calls. Virtues are not just shown by individuals, but rather, they are nurtured within the social framework. Previous research indicates that OV place a higher importance on creating beneficial effects on humans and mitigating adverse attitudes among workers (Bright et al., 2006). In addition, OV enhances workers' inclination to assist the organization. This study seeks to expand previous studies on the individual consequences of OV, considering these considerations. While a few studies have emphasized the favorable results of OV (Tsachouridi & Nikandrou, 2016), there is a scarcity of research on OV as a precursor to innovation. The present study aims to expand on previous studies by investigating the precise influence of OV on IB. This research examines the suggested moderated mediation model with data collected from organizations in Iraq. Moreover, this study enhances the current body of literature on the impact of SEC variables in promoting IB. This research is the first known effort to investigate the claimed correlations.

**Organizational virtuousness and innovative behavior**

OV means the follow of high ambitions about the situation of human (Arshad, Hassan, & Azam, 2024). OV is where virtues are practiced at individual levels. Moreover, OV rises the probability that employees would follow individual and also collective profits (Bright et al., 2006).

Based on the broaden-and-build theory it is suggested that workers' understanding of organizational values enhances their innovative behavior. OV fosters sentiments of allegiance and appreciation for the organization. Further, employees who recognize OV operate in ways that support the organization's reputation. OV also have an impact on the meaningfulness of a work, which in turn increases the probability of engaging in extra-role behaviors. The development of social assets in an organization is closely linked to the cultivation of OV. Social capital enhances the exchange of knowledge and resources among colleagues, hence promoting innovation and business growth. In addition, OV results in the formation of emotional psychological ties between employers and workers. When employees encounter OV, they cultivate favorable sentiments towards their supervisors, colleagues, and the overall organization (Shahid & Muchiri, 2019). From now on, they are obligated to expand upon the achievements of morally upright individuals. Employees also feel a sense of moral obligation.
to reciprocate the organization's support by exhibiting constructive behaviors that improve their performance (Arshad, Hassan, & Azam, 2024). In this situation, it is probable that they will use their skills to implement strategies that foster innovation in the organization (Riivari & Lämsä, 2019). Bearing in mind these opinions, the subsequent hypothesis might be suggested:

**H1. organizational virtuousness has a positive relationship with innovative behavior**

**Organizational virtuousness and thriving**

Thriving is a favorable mental interaction that encompasses two elements. Thriving is a dynamic process that enables people to grow and transform their work environments (Spreitzer et al., 2005). It has an impact on several organizational outcomes, including work satisfaction, citizenship behavior, and job performance (Shahid & Muchiri, 2019). In addition, Shahid and Muchiri (2019) focused on examining the influence of OV on flourishing. (Spreitzer et al., 2005) proposed that this contextual aspect has an impact on workers' perception of thriving. Cameron (2003) states that OV is a contextual aspect that promotes the thriving and success of people. Organizational procedures and guidelines that foster OV empower individuals to actively pursue personal growth and improvement (Cameron et al., 2004). OV enhances workers' energy and enthusiasm, leading to their active engagement in work-related tasks (Carmeli & Spreitzer, 2009). Cameron (2003) suggests that OV has a positive influence, leading to the thriving and increased ethical performance of individuals. Organizations may mitigate undesirable workplace behaviors and enhance workers' motivation to accomplish their objectives by cultivating compassion for their colleagues (Koon, 2022). OV enhances workers' self-assurance in taking proactive steps towards learning and advancing their careers. Bearing in mind these opinions, the subsequent hypothesis might be suggested:

**H2. organizational virtuousness has a positive relationship with workers’ experience of thriving.**

Thriving and pioneering conduct Thriving fosters employee behaviors that support the acquisition of knowledge and advancement in one's career (Walumbwa et al., 2018). Previous studies have shown that thriving has a crucial role in driving innovation in the organizations (Wang et al., 2021). IB is a rigorous and demanding educational program that requires a high level of energy and enthusiasm. The vitality aspect of thriving induces alterations in cognitive function and promotes behavioral inclinations, facilitating workers in the creation and employment of novel ideas (Wang et al., 2020). Experiencing vitality may enhance workers' desire to proactively enhance their own performance (Kim & Beehr, 2023). Additionally, it has
the potential to impact the behaviors of employees that contribute to performance (Kark & Carmeli, 2009). Thriving is closely linked to the process of acquiring new skills and information via learning. Acquiring knowledge enables people to recognize issues and discover innovative approaches to resolve them (Wang et al., 2020). Additionally, it allows people to enhance their job-specific expertise, which serves as the basis for IB. Furthermore, the process of learning enables people to improve their abilities and expertise, therefore boosting their confidence in participating in IB (Al-Hawari et al., 2019). Productive individuals are focused on making progress and exceed the expectations of their conventional job responsibilities (Jiang et al., 2023). They produce novel concepts and actively pursue chances to enhance both individual and collective performance (Gong et al., 2010). Bearing in mind these opinions, the subsequent hypothesis might be suggested:

**H3. Experience of thriving has a positive relationship with innovative behavior.**

**The Mediating Role of SEC**

Employees that encounter OV think that their efforts are acknowledged and appreciated (Hur et al., 2017). As a result, they show active involvement and dedication to the OV induces favorable feelings, leading to an expansion in the workers' focus and cognitive abilities (Al-Hawari et al., 2019). OV fosters the establishment of connections and the pooling of resources among colleagues (Zhao et al., 2022). According to Carmeli and Spreitzer (2009), workers' confidence in suggesting new ideas to better their performance is increased by the presence of compassion and honesty. Moreover, it boosts their energy and drive to grow professionally in the field of IB. OV fosters workers' motivation to develop their cognitive abilities. Consequently, personnel are able to use their expertise and competencies to produce inventive concepts (Riivari & Lämsä, 2019). The cultivation of procedures and behaviors that foster growth in the organizations has a significant impact on workers' well-being and their inclination to generate inherent value for the organization. Therefore, thriving serves as a mediating variable between OV and IB. Bearing in mind these opinions, the subsequent hypothesis might be suggested:

**H4: The mediating effect of thriving between organizational virtuousness and innovative behavior**
The Moderating Role of creative self-efficacy

Creative self-efficacy (CSE) refers to an individual's self-assurance in their ability to creatively accomplish a task under diverse circumstances (Tierney & Farmer, 2002). Employees must possess a strong sense of creative confidence in order to make meaningful creative contributions in the workplace (Gong et al., 2009). Remarkably, the success of workers in their careers is contingent upon their CSE in promoting IB (Raihan & Uddin, 2023). The presence of motivation is a crucial factor for engaging in creative behavior, as stated by (Amabile et al. 1996). Prior research indicates that CSE fosters intrinsic drive to show IB. Individuals’ effectiveness is influenced by visuals constructed by themselves and by others (Uddin et al., 2020). People engage in behaviors that enable them to confirm and replicate their identities (Raihan & Uddin, 2023). People who see creativity as an integral aspect of their identity will actively look for chances to show their creative abilities in order to reinforce their self-image and preserve a high self-esteem (Jaussi et al., 2007). This debate suggests that there is a positive relationship between thriving and IB via the CSE, which in turn is linked to their behavior in innovating their services. Consequently, we posit that CSE is a significant mechanism by which thriving facilitates for innovation behavior. Bearing in mind these opinions, the subsequent hypothesis might be suggested:

**H5:** The moderating effect of CSE between thriving and innovative behavior

Data Collection

The study used a cross-sectional design, using a quantitative approach. The five-point Likert scale was used to collect the data. The data was measured using a five-point Likert scale. This study specifically chose prominent SME areas (high-tech construction and manufacturing industries) as the population for research in Iraq. The data was gathered by the survey between January 2024 and March 2024. Initially, we engaged with 509 individuals employed in small and SMEs via in-person visits and email communication in order to distribute the survey. Additionally, we issued 3 to 4 gentle reminders for each round of the survey. Ultimately, 290 questionnaires were chosen for further analysis. Prior to soliciting the variable's answers, we included a permission statement, provided information about the study's function, and reassured participants that their replies would only be utilized for academic research and their privacy would be maintained via established processes. The descriptive analysis displayed that 73, 121, 169, 146 respondents were from SMEs, their experienced from 5–10 years, 11–16 years, respectively. Furthermore, the place of the SMEs was from all over the Iraq.
Measurement

OV were measured by fifteen items developed by (Rego et al. 2010). Employees’ experience of thriving was measured by nine items developed by (Porath et al. 2012). IB was measured by nine items developed by (Janssen 2000). CSE was measured by three items developed by (Tierney & Farmer, 2002).

DATA ANALYSIS

Measurement Model

The results for CA, CR and AVE are presented in Table 1 for OV (0.937, 0.946, 0.561), CSV (0.896, 0.917, 0.729), THR (0.940, 0.917584) and IB (0.889, 0.913, 0.571) respectively. CA and CR values would be greater than 0.70, and AVE should be higher than 0.50. So, this study found the values the acceptable range. In picture 4.1, the factor loadings value of all constructs is greater than 0.50 and the value of factor loading of these items OV5, THR3, IB7 are less than 0.50 were deleted.

We applied the Smart PLS to measure the SEM using 5000 bootstraps. So, values of coefficient should be >0.1. The findings show that (H1) CSV has positive and significant effects on IB ($\beta = 0.187$, t =2.415>1.64, p = 0.008<0.05). The findings show that (H2) OV has positive and significant effects on IB ($\beta =0.326$, t =4.719>1.64, p = 0.000<0.05). Moreover, (H3) OV has positive effects on THR ($\beta =0.533$, t =10.102>1.64, p = 0.000<0.05). Furthermore, (H4) THR has significant and positive effects on IB ($\beta =0.152$, t =2.514>1.64, p = 0.006<0.05).

Additionally, the results show that (H5) the mediating effects of thriving between the association of organizational virtuousness and innovative behavior was positive, with ($\beta =0.081$, t =2.412>1.64, p = 0.008<0.05).
Figure 1: Factor Loadings and Internal Consistency

Table 1: Internal consistency

<table>
<thead>
<tr>
<th>Constructs</th>
<th>alpha</th>
<th>CR</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>OV</td>
<td>0.937</td>
<td>0.946</td>
<td>0.561</td>
</tr>
<tr>
<td>CSE</td>
<td>0.815</td>
<td>0.890</td>
<td>0.729</td>
</tr>
<tr>
<td>THR</td>
<td>0.896</td>
<td>0.917</td>
<td>0.584</td>
</tr>
<tr>
<td>IB</td>
<td>0.889</td>
<td>0.913</td>
<td>0.571</td>
</tr>
</tbody>
</table>

Table 2: Discriminant Validity

<table>
<thead>
<tr>
<th>Constructs</th>
<th>CSE</th>
<th>IB</th>
<th>OV</th>
<th>THR</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSE</td>
<td>0.854</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IB</td>
<td>0.516</td>
<td>0.755</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OV</td>
<td>0.510</td>
<td>0.602</td>
<td>0.749</td>
<td></td>
</tr>
<tr>
<td>THR</td>
<td>0.463</td>
<td>0.501</td>
<td>0.533</td>
<td>0.764</td>
</tr>
</tbody>
</table>
The results show that (H5) in Table 4, the moderating effects of CSE between the association of thriving and innovative behavior and significant, with ($\beta = -0.098$, $t = 2.233 > 1.64$, $p = 0.013 < 0.05$). The findings shown that CSE weakened the association between thriving and IB.

Table 4: Moderating Relationship

<table>
<thead>
<tr>
<th>Relationship</th>
<th>B</th>
<th>Standard deviation</th>
<th>T Value</th>
<th>P values</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSE x THR -&gt; IB</td>
<td>-0.098</td>
<td>0.044</td>
<td>2.233</td>
<td>0.013</td>
<td>Accepted</td>
</tr>
</tbody>
</table>
Also, the results show that (H5) in table 5, the mediating effects of thriving between the association of organizational virtuousness and innovative behavior was positive and significant, with ($\beta = 0.081$, $t = 2.412 > 1.64$, $p = 0.008 < 0.05$).

**Table 5: Indirect Relationship**

<table>
<thead>
<tr>
<th>Relationship</th>
<th>B</th>
<th>Standard deviation</th>
<th>T value</th>
<th>P values</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>OV -&gt; THR -&gt; IB</td>
<td>0.081</td>
<td>0.034</td>
<td>2.412</td>
<td>0.008</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

This study found that 46% variance occurred innovative behavior, explained by exogenous constructs, and 28% variance occurred on thriving in table 6.

**Table 6: R-square**

<table>
<thead>
<tr>
<th>Constructs</th>
<th>R-square</th>
<th>R-square adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>IB</td>
<td>0.459</td>
<td>0.453</td>
</tr>
<tr>
<td>THR</td>
<td>0.284</td>
<td>0.282</td>
</tr>
</tbody>
</table>

**Theoretical Implications**

The idea of OV pertains to the robustness and exceptional quality of virtues in the organizational contexts. Recently, there has been an increasing amount of scholarly attention focused on the subject of OV (Tsachouridi & Nikandrou, 2020). This work has significant theoretical significance for the expanding corpus of research on OV. This research addresses the request made by academics to examine the results of OV in organizational settings (Ho et al., 2023). This research expands upon the current understanding about the outcomes of OV. The study's findings support the assertion that OV have an impact on fostering good workplace behaviors and mitigating negative employee attitudes. The study's results align with the concept that OV have an impact on people's internal motivations to contribute to and promote the organization and its members. Several academics have recorded the beneficial impact of OV on several outcomes with CB. Nevertheless, the current study has failed to examine the effects of OV on creative results inside organizations. This research enhances the existing literature by emphasizing the precise influence of OV on IB. This research also enhances comprehension of the process via which OV facilitates IB in the organizations. The present research provides a credible explanation on how the interaction between organizational circumstances and human characteristics might facilitate creativity inside organizations. The
research findings confirm that OV is associated with the occurrence of thriving and, therefore, good IB (Tsachouridi & Nikandrou, 2020).

This research not only investigates the connection between OV and IB, but also explores how CSE influences the association between thriving and IB. The study's results indicate that workers with high levels of CSE actively seek chances to enhance their performance by generating and implementing innovative ideas. There is a scarcity of study on the impact of CSE on IB. Therefore, this study further enhances the growing field of research and contributes to the existing body of knowledge on CSE and IB literature.

Managerial implications

The results of this research have significant consequences for managers. This research argues that OV has a favorable influence on workers' perceptions, attitudes, and behaviors. A working environment that exhibits virtuousness mitigates undesirable behaviors, enhances employee engagement, and improves performance. Therefore, managers should encourage the implementation of strategies that incentivize behaviors that align with virtuousness inside organizations. The study's findings provide managers with a blueprint for creating virtuous work environments by incorporating morals and ethics into fundamental principles and organizational standards. Managers may encourage good attitudes and behaviors by ensuring that the goals and objectives of the organization are in line with ethical principles, therefore promoting virtuousness (Tsachouridi & Nikandrou, 2020). The study's results emphasized the impact of CSE on IB. Recruitment managers may evaluate the creative identity of possible job incumbents by conducting job interviews and selection tests when creativity and innovation are crucial for gaining a competitive edge.

Limitations and Future Directions

The study's results might inspire more investigations to comprehend the boundary conditions and processes that underlie the suggested correlations. This research has highlighted CSE as a factor that may affect the connection between thriving and IB. Subsequent research may use various boundary circumstances, like leadership style as well as organizational culture, to cultivate a thorough comprehension of the correlation between OV and IB.
REFERENCES


