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The Mediating Role of Organizational Climate in Assessing the Influence of Local Governance-Based Paternalist Leadership on Employee Innovation

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Abstract

With the acceleration of economic globalization and the increasing uncertainty in the external market environment, Chinese enterprises are increasingly required to survive and thrive through continuous innovation activities. As the ultimate source of organizational innovation, the staff determines the overall level of organizational innovation. Simultaneously, leadership behavior within an enterprise profoundly influences employees' innovative behavior. Therefore, influencing employees' innovative behavior through a leader's conduct has become a hot topic of academic discussion.

The study aims to explore the impact of locally based paternalistic leadership on employees' innovative behavior and introduce organizational climate to examine the mutual influence between these two variables. This is a quantitative case study to be conducted on various banks in China, utilizing SPSS software and bootstrap mediator variable analysis.

part of one of the largest nationalized investment groups under the Chinese government's control. However, even after privatization, Ping An Bank's performance remained unsatisfactory. To address this issue, the Chinese government initiated a comprehensive reform, which included recruiting younger bankers with stronger educational backgrounds, revamping the traditional system that allowed retired politicians direct entry into the management ranks, and redirecting investments from infrastructure and insurance towards emerging sectors such as the internet, entertainment, and family trust. These transformative changes rendered the bank more dynamic and open-minded, creating an ideal organizational climate for fostering innovation. Recent research conducted across Chinese banks by the Treasury revealed that Ping An Bank achieved a remarkable 40% increase in annual business and garnered an impressive 82% employee satisfaction rate (Luo, 2016, p. 89).

5.4.3 Select and Recruit the Best Person

This suggestion highlights a fundamental principle of effective enterprise management and underscores the essential tenets of human resource management. Moreover, this proposal could be particularly relevant for Chinese banks, given the prevalent issue of bureaucracy, particularly in state-owned or nationalized banks, where recruitment and promotions often depend on personal connections and financial or political influence (Isaksson & Kotsadam, 2018).

When even the most qualified individuals are not selected or promoted, it hampers the potential for innovative behavior among all capable employees who strive for innovation. The aim of this study is not merely to advocate for innovation driven by profit or advancement but rather to advocate for recognizing and rewarding innovative employees for their outstanding contributions.

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