



# The Impact of Employees' Paradox Mindset on Innovative Behavior Mediated by Thriving at Work: A Quantitative Study of Banking Employees

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**Abstract.** This study analyzes the relationship between employees' paradox mindset and IWB. This study also investigates thriving as mediating variable in the relationships between employees' paradox mindset and IWB. Individual innovation is accompanied by paradoxical tension. Adopting a paradox mindset, which reflects the extent to which individuals embrace and are energized by tensions, can help people deal with tensions and innovate. Data were collected from 202 banking employees and analyzed using the partial least squares structural equation modeling (PLS-SEM) technique. Findings reveal that employees' paradox mindset positively affects IWB and is improved when the organization drives the employees to practice thriving at work.

**Keywords:** Innovative behavior · employees' paradox mindset · thriving · banking

## 1 Introduction

In a very competitive and dynamic business environment, innovation is an important aspect of organizational effectiveness and a source of a company's competitive advantage [1]. Furthermore, innovation is critical in maintaining and strengthening a banking institution's competitive advantage and position [2, 3]. The banking sector plays an important role in the economy and development of every country [4]. Financial innovation is a critical component that leads to several advancements in the financial industry, all of which have a direct positive influence on the economy [5]. With advancements in telecommunications, financial theory, information technology, globalization, and banking liberalization, global banking has developed considerably in terms of innovation. Innovations in the banking sector include various aspects such as new products and services, service experience, production processes or management and operational patterns, and organizations [1].

Employee's innovative behavior (IWB) is crucial to organizational innovation [6]. Innovation in the organization stems from the employee's innovative behavior. These behaviors include exploring opportunities, recognizing problems, transforming ideas

into tangible results, and strategically planning for these tangible results to be integrated into organizational practice [2]. Because of the importance of IWB, more research on employee's innovative behavior needs to be done to broaden the understanding of individual innovation in organizations.

Organizations are constantly dealing with a paradox [7]. Employees are also faced with a variety of paradoxes at work. For example, the paradox encountered takes the shape of a tug-of-war between family and professional interests; work-life conflicts [7]. For many people, the Covid-19 pandemic has been a cause of stress, strain, tension, and worry [8]. These exceptional circumstances have fundamentally exacerbated and amplified the strain and tension associated with organizational life [7]. Employees have to adjust to working remotely, with new ways of working, methods, and technologies [9]. The transition to remote work resulted in high levels of stress and anxiety, which had the potential to elicit and exacerbate work-life conflict [7, 10]. Innovative behavior (IB) in the workplace is a sort of paradox. Employees are frequently required to question the current quo through creative ideas since they bring new viewpoints to the issue [11]. The paradox is also found in the banking sector. One of them occurs when innovation must be carried out simultaneously to comply with prudential principles and risk management. There are competing demands for generating profits while remaining compliant with regulatory risk requirements [12].

Employees' paradox mindset (EPM) is the extent to which a person can accept, feel excited, and comfortable in facing tension or conflicting things [13]. An employee can demonstrate innovative behavior by adopting a paradox mindset, having vitality (VIT), learning (LRN), and thriving (THR). The more comfortable an employee is in accepting or dealing with tension or conflicting things, the higher the vitality and learning experienced by the employee and the higher the innovative behavior shown by the employee [14]. However, there is limited research on how and when a paradox mindset motivates individuals to participate in innovative work behavior [14]. Experts are beginning to actively urge scholars to examine paradoxes in order to obtain a better grasp of organizational life's tension and contradiction. Over the last two decades, the study of organizational paradoxes has exploded, with researchers looking at a wide range of phenomena, techniques, and levels of analysis. At various levels of the unit of analysis, these studies have examined tensions such as today and tomorrow, global integration and local diversity, collaboration and competition, self and others, mission and markets, and so on [15].

At the individual level, the definition of an employee's paradox mindset is the extent to which a person can accept and feel excited and comfortable in the face of tension or conflicting things [13]. This definition includes both cognitive and affective individual responses. Individuals with a paradox mindset feel comfortable with the paradox and get energy from the existing tension. These individuals accept paradoxes as a natural part of life. This individual proactively confronts tensions and seeks alternatives to balance or overcome the paradox. By having a paradox mindset, one can take advantage of the tension experienced to achieve beneficial results. On the other hand, tension can be threatening and lead to an unfavorable response if the individual views the tension as a dilemma. When one accepts a paradox, one understands that contradictions have the potential to be mutually reinforcing elements.

Employees' paradox mindset at work has a positive impact on innovative behavior [14]. When they engage in innovation, employees encounter paradoxical viewpoints, thoughts, processes, identities, and ambitions [16]. Employees who have a paradox mindset are more innovative than employees who do not [17]. Employees with a paradox mindset will be able to accept and face the paradox, not avoid it [14]. Employees that embrace the paradox will be able to provide more innovative ideas or alternative solutions for their company to examine and contribute to. This mindset broadens their horizons, scope of attention, and knowledge of these contradictory things, allowing them to be more flexible, which allows them to act innovatively [18]. Those employees become comfortable with the sensations evoked by the innovation paradox, rather than eradicating the contradicting forces, to reap the creative advantages of the paradox [14]. Therefore, these propositions lead to the below hypothesis H1: Employees' paradox mindset has a positive impact on innovative behavior.

Thriving is a psychological condition or experience that includes two dimensions, namely vitality, and learning [19, 20]. Vitality is the feeling of being energized and alive while working. Learning is growing, developing, getting better at doing work, acquiring, and applying knowledge and skills. These two things are related. After employees have gained knowledge, vitality will energize them to put it to use by taking action [21]. On the other hand, getting various opportunities to learn will increase vitality or energy [22]. Employees' paradox mindset has a positive impact on their thriving at work [14]. People with a paradox mindset believe they can resolve conflicts generated by several competing aspects. Employees' integrative complexity is elicited by a paradox mindset [23], which increases their willingness and capacity to accept and integrate different ideas by creating new links between them [18]. In addition, adopting a paradox mindset promotes the growth of a general ability to examine conflicting notions and cognitive flexibility to learn or seek out new solutions. Thus, the following hypothesis is proposed H2: Employees' paradox mindset has a positive impact on thriving.

Thriving has a positive effect on innovative behavior and innovation [14]. Positive emotions (such as vitality) can generate innovative behavior. People's variety of ideas and activities expands when they feel pleasant emotions. Employees have a better chance of producing fresh ideas if they have access to a wider range of thoughts and behaviors [24]. Based on these arguments, it is hypothesized that H3: Thriving has a positive impact on innovative behavior.

Employees who adopt a paradox mindset are more likely to meet their basic psychological needs for competence and autonomy, both necessary for thriving at work [14]. This self-adaptive motivated psychological state aids individuals' innovative work behavior. Moreover, motivation has also been investigated as a critical feature connected to creativity and innovation [22]. Employees who have high thriving at work are more likely to seek out new information. Learning is necessary to gain professional knowledge and, as a result, to encourage innovative behavior [25]. H4: Thriving mediates the relationship between employees' paradox mindset and innovative behavior.

Based on the above discussion, this study aims to examine employees' innovative behavior in the banking industry. The banking sector is the focus of this study due to its importance in the economy and the significant need for innovation in this industry.

This research contributes by examining the roles of employees' paradox mindset and thriving at work on innovative behavior.

## 2 Research Methods

A quantitative research approach was applied in this study. Data were collected with a purposive sampling technique using Google Form. The population in this study was permanent employees who work in the banking sector in Indonesia. The respondents' positions range from entry-level to middle-level management (up to senior managers). Respondents must also be permanent workers who have worked for the firm for at least one year. A total of 234 people took the survey, which was conducted using a cross-sectional study design. However, 32 respondents were excluded because they did not meet the criteria, leaving just 202 respondents in the study.

Respondents were asked to complete 25-item questionnaires that were adapted from several previous studies. The items were measured on a five-point Likert scale that ranged from 1 (strongly disagree) to 5 (strongly agree). The 6-item scale developed was used to measure innovative behavior [26]. To assess employees' paradox mindset, the 9-item scale was employed [13]. Thriving measurement was taken from two dimensions with a 5-item scale [20]. The SmartPLS 3 software was used to analyze the data using the partial least squares structural equation modeling (PLS-SEM) technique.

## 3 Results and Discussion

Among the respondents, the number of males and females was equal. Most of the respondents' age was 31–40 years old (53%). Most of the respondents had bachelor's degrees (78.2%), while the remaining 16.8% had a master's degree, and 5% had an associate degree or high school degree. Most of the respondents' job tenure in the relevant company was 6–10 years (33.7%), and the rest was 11–15 years (20.8%), was 3–5 years (17.8%), was more than 15 years (16.3%), or was 1–2 years (11.4%).

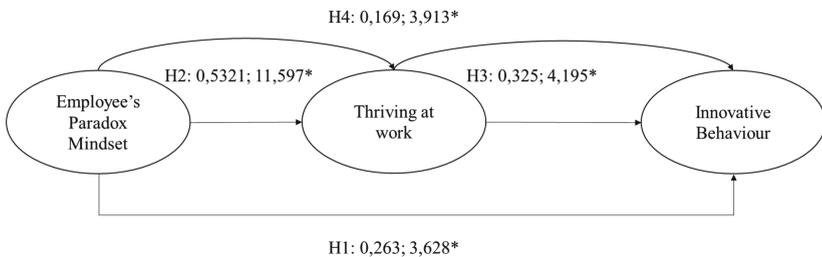
There were two stages of data analysis. The first one was a measurement model assessment that was carried out to assure that only the constructs with good reliability and validity are used in the structural path model. Validity was measured based on the outer loadings of each attribute and the Average Variance Extracted (AVE) value of the variable. The recommended loadings value is a minimum of 0.7. The minimum acceptable AVE is 0.50 or higher. Reliability was measured based on the value of Composite Reliability (CR). The CR values 0.60 and 0.70 range from "acceptable to good" [27]. The data show that each indicator's loadings value was more than 0.7 and ranged from 0.721 to 0.936. The average variance extracted (AVE) value for each dimension or construct was greater than 0.5 and ranged from 0.617 to 0.821. The composite reliability (CR) was shown to be greater than 0.7. Table 1 exhibits the results of the measurement model assessment.

The second data analysis stage involved structural model assessment (inner model). First, the inner VIF (Variance Inflation Factor) value was examined to evaluate potential collinearity. VIF values below 5 are suggested [28]. The VIF values for all attributes were below 5, so there was no collinearity. Table 2 reflects the inner VIF values. After that, the coefficient of determination ( $R^2$  value) for predictive accuracy and cross-validated

redundancy index (Stone-Geisser's  $Q^2$ ) for predictive relevance of the model were evaluated. The values of  $R^2$  range from 0 to 1. Higher values indicate better predictive accuracy.  $Q^2$  values should be greater than zero to show the predictive accuracy of the structural model [27]. The  $R^2$  value of the model was 0.26 in innovative behavior. The  $W^2$  values were 0.173 and 0.188 for innovative behavior and thriving, respectively. Hypotheses were evaluated based on the path coefficient and t-value of each hypothesis. A hypothesis was supported if its t-value  $> 1.96$  or  $< -1.96$  [28]. This study shows that all of the hypotheses were supported. Figure 1 exhibits path coefficient and t-values. The first hypothesis is the influence of employees' paradox mindset on IWB with a t-value of 3.628. These results indicate that an employee's paradox mindset positively and significantly affects IWB. Thus, H1 is supported.

Regarding the influence of employees' paradox mindset on thriving, the second hypothesis was significant, with t-value of 11.597. These results demonstrate a positive and significant impact of employee's paradox mindset on thriving. Hence, H2 is supported. The third hypothesis, which examines the influence of thriving on IWB, is supported with t-value of 4.195. These results show that thriving positively and significantly influences IWB. The fourth hypothesis (H4) is also supported with t-value of 3.913. To test the mediating effect of thriving, it is necessary to compare its direct and indirect effects [28]. These results indicate that thriving partially mediates employee's paradox mindset and IWB.

This study aims to examine the influence of employee's paradox mindset on innovative behavior and assess the mediating role of thriving in this relationship. According to this study, employee's paradox mindset is important for innovative behavior. These findings are consistent with the previous findings [14, 17, 18]. The results of this study also support the previous studies that employee's paradox mindset promotes thriving at work [14, 18, 23]. Thriving has a beneficial impact on innovative behavior, as indicated by the findings of this study. It confirms the previous studies [14, 24]. Moreover, thriving mediates the relationship between employee's paradox mindset and innovative behavior, consistent with previous studies [14, 22, 25].



**Fig. 1.** Summary of Hypotheses Testing. Note: \*Significant at 5% significance level

**Table 1.** Measurement Model Assessment

Construct/Dimension	Indicator	Loading	CR	AVE
Employee's Paradox Mindset/Unidimensional	PM01	0.833	0,935	0.617
	PM02	0.872		
	PM03	0.741		
	PM04	0.825		
	PM05	0.743		
	PM06	0.843		
	PM07	0.752		
	PM08	0.724		
	PM09	0.721		
Thriving/Learning	LRN01	0.880	0.951	0.796
	LRN02	0.925		
	LRN03	0.895		
	LRN04	0.881		
	LRN05	0.879		
Thriving/Vitality	VIT01	0.911	0.958	0.821
	VIT02	0.936		
	VIT03	0.883		
	VIT04	0.906		
	VIT05	0.894		
Innovative Behavior	IB1	0.753	0.927	0.681
	IB2	0.838		
	IB3	0.815		
	IB4	0.902		
	IB5	0.800		
	IB6	0.835		

**Table 2.** Inner VIF Values

	IB	LRN	THR	VIT
EPM	1.373		1.000	
THR	1.373	1.000		1.000

## 4 Conclusion

Employees' paradox mindset positively affects IWB and promotes thriving at work. Moreover, thriving at work has a positive effect on IWB and partially mediates the relationship between employees' paradox mindset and IWB. Therefore, to improve employees' innovative behavior, the organization might implement both the employees' paradox mindset and thrive at work. On the theoretical side, this study enriches the evidence of relationships between paradox mindset, innovative behavior, and thriving at work.

Furthermore, this Indonesia study will enrich the existing knowledge of the variables, as it is presented in a different culture with characteristics peculiar to Asian nations. On the practical side, companies can promote innovative behavior among employees by encouraging employees' paradox mindset. The organization will also gain benefits from thriving at work to enhance innovative behavior by supporting vitality and learning in the organization.

The limitation of this study is that this study only focused on the paradox mindset and thriving as the antecedents of IWB. It is recommended that future researchers should investigate the impact of alternative variables to enrich the findings concerning the innovative behavior.

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