“The mediating role of hope and cognitive crafting in the relationship between authentic leadership and innovative employee behavior”

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ARTICLE INFO	Rachadatip Uppathampracha and Muhammad Anwar (2023). The mediating role of hope and cognitive crafting in the relationship between authentic leadership and innovative employee behavior. *Banks and Bank Systems*, *18*(1), 163-173. doi:10.21511/bbs.18(1).2023.14
DOI	http://dx.doi.org/10.21511/bbs.18(1).2023.14
RELEASED ON	Tuesday, 28 March 2023
RECEIVED ON	Friday, 06 January 2023
ACCEPTED ON	Monday, 13 March 2023

JOURNAL	"Banks and Bank Systems"
ISSN PRINT	1816-7403
ISSN ONLINE	1991-7074
PUBLISHER	LLC “Consulting Publishing Company “Business Perspectives”
FOUNDER	LLC “Consulting Publishing Company “Business Perspectives”

NUMBER OF REFERENCES	NUMBER OF FIGURES	NUMBER OF TABLES
68	0	3

BUSINESS PERSPECTIVES

LLC "CPC "Business Perspectives"
Hryhorii Skovoroda lane, 10,
Sumy, 40022, Ukraine

www.businessperspectives.org

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THE MEDIATING ROLE OF HOPE AND COGNITIVE CRAFTING IN THE RELATIONSHIP BETWEEN AUTHENTIC LEADERSHIP AND INNOVATIVE EMPLOYEE BEHAVIOR

Abstract

The worldwide banking industry is currently undergoing a digital transformation. The innovative behavior of bank employees is a significant aspect of commercial banks' future survival and development. One of the most significant resources for cultivating good employee behavior is leadership. As a response, this study examined how authentic leadership affects employees' innovative behavior. The mediating role of cognitive crafting and hope between authentic leadership and innovative employee behavior was also investigated. Using a quantitative approach, data were collected from 610 Thai bank employees. The structural equation modeling (SEM) analysis findings revealed an association between authentic leadership and innovative employee behavior. According to the mediation analysis results, hope and cognitive crafting appeared to mediate the relationship between authentic leadership and innovative employee behavior. These findings may help develop leadership research in the field of innovation management. Thus, organizations should identify, cultivate, and support authentic leaders who can inspire innovative behavior among employees through cognitive crafting and hope.

Keywords leadership style, job crafting, innovation in the workplace, banking sector, Thailand

JEL Classification M10, M12

Received on: 6th of January, 2023
Accepted on: 13th of March, 2023
Published on: 28th of March, 2023

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Conflict of interest statement:
Author(s) reported no conflict of interest

INTRODUCTION

In both developed and developing countries, the banking industry plays a fundamental role in fostering economic growth and national development (Haghnejad et al., 2020). In a developing country such as Thailand, most businesses composed of small enterprises would mainly raise funds through bank loans rather than issuing financial securities through the capital market. Thus, the performance of commercial banks also has a vital impact on the stability of the national economy. With the influence of rapid fintech innovation, the banking industry is experiencing substantial business model transition, which, in turn, causes organizational dramatic change for commercial banks.

Digital transformation based on fintech innovation is overturning the traditional business model in the global banking industry. Internet banking, mobile banking, blockchain technology, and cloud computing innovate traditional banks as "everyday banks" (Accenture, 2014). "Everyday bank" service can be expanded boundaryless, which has broken the limitation that banking service transactions can only be processed within physical branches (Chen et al., 2017). To accomplish "everyday bank" service, bank employees should mainly employ innovative skills such as data mining and online communication rather

than traditional counter communication to service the clients (Accenture, 2014). Thus, the large number of bank branches and employees would be drastically reduced in the era of digital banking transformation. In the next five years, around 100,000 bank employees' jobs will be laid off (Finextra, 2021).

The Thai banking industry is also experiencing a digital transformation. Though they benefit from the opportunity for digital transformation, Thai commercial banks also have to meet some serious challenges. Around 80% of Thai people have opened bank accounts, which creates a good opportunity for Thai commercial banks to promote existing customers' use of digital banking offerings (Bangkok Post, 2021). However, the digital skills level of bank employees falls behind that of employees of non-bank entrants and tech start-ups in Thailand. According to one of Thailand's leading financial consulting firms (Stocks News, 12 November 2020), only 17% of Thai banks had made achievements in improving technical knowledge for both managers and employees, which was attributed to employees' low readiness to participate in technology upskilling and the tough regulatory environment set by the management teams with traditional thinking. Without sufficient efforts to upskill their employees, Thai banks would lose their 50% market share in the next 3-5 years, which will be "seized" by non-bank entrants and tech start-ups (Stocks News, 12 November 2020). Thus, how to improve the innovative behavior of bank employees to upskill in innovative jobs and what type of leadership could motivate innovative behaviors are critical issues for Thai commercial banks.

1. LITERATURE REVIEW AND HYPOTHESES

Innovative behavior indicates that employees apply innovative ideas, procedures, and technical tools to their own jobs (De Jong & Den Hartog, 2007), which their managers encourage (Harborne & Johne, 2003). According to findings from past studies, several organizational resources and personal traits can foster innovative behavior, which include entrepreneurship strategy and personality (**Åmo** & Kolvereid, 2005), individual need for cognition (Wu et al., 2014), organizational trust, and individual behavior control (Lee & Hong, 2014). Among multiple organizational and personal resources, leadership has been considered one of the most significant resources to influence employees' innovative behaviors (Akbari et al., 2020; Iqbal et al., 2020). Leadership styles have critical roles in fostering innovation success (Jiang & Chen, 2018; Zacher & Rosing, 2015), developing and cultivating appropriate employee behaviors (Robertson & Barling, 2013) and motivating employees' innovative thinking (Zhou & Hoever, 2014). Past studies mainly examined how transformational leadership influences the innovative behavior of employees working in the hospitality industry (Kao et al., 2015; Schuckert et al., 2018) and hair salons (Slåtten & Mehmetoglu, 2015). However, few previous studies have examined how authentic leadership impacts innovative behavior among Thai bank employees. Authentic leaders are characterized by ethical, transparent, and empowering psychological natures (Avolio & Gardner, 2005), Thus, authentic leaders could dissolve the issues regarding lower job autonomy and high time pressure, which are two main setbacks to constraining individual innovative behavior (Wu et al., 2014).

Walumbwa et al. (2008) define authentic leadership as "a pattern of leader behavior that draws upon and promotes both positive psychological capacities and a positive ethical climate to foster greater self-awareness, an internalized moral perspective, balanced processing of information, and relational transparency on the part of leaders working with followers, fostering positive self-development."

Self-awareness means that an authentic leader would comprehend his or her own natures through responses from others and recognition of his or her influence on followers (Kernis, 2003).

Internalized moral perspective indicates that a genuine leader should have internalized and integrated self-regulation in accordance with his or her own values and moral standards, which may differ from the organization's existing ones. Authentic leaders demonstrate moral standards by maintaining a high level of coherence between their thoughts and behavior, as well as their stead-

http://dx.doi.org/10.21511/bbs.18(1).2023.14

fast adherence to internalized principles in the face of external stimuli (Burke & Cooper, 2006).

By maintaining a high level of coherence between their thoughts and behaviors, authentic leaders demonstrate moral standards.

Balanced processing indicates that authentic leaders would unbiasedly examine all necessary information before making a decision (Gardner et al., 2011).

Relational transparency refers to a single authentic leader who demonstrates trust to his or her followers by sharing information and expressing their true thoughts and feelings (Kernis, 2003). According to previous research, authentic leadership is linked to important organizational outcomes, such as motivation, job satisfaction, work engagement, job efficiency, and profit (Clapp-Smith et al., 2009; Giallonardo et al., 2010; Walumbwa et al., 2010).

When individuals participate in innovative jobs, they need a suitable social environment. Such an environment must include a collaborative, idea-focused work team and management that supports employees in innovative jobs with creativity-encouraging vision, mechanisms, and idea-sharing norms based on the componential theory of creativity (Amabile, 2012).

Authentic leadership would provide a suitable social environment to motivate employees' innovative behaviors. With an internalized moral perspective, authentic leaders should have their internal values and moral standards evaluated for future organizational positioning that promotes creativity-encouraging vision. Employees would then be able to see the organization's and their own bright futures. Then they may be willing to participate in innovative activities.

With relational transparency, the authentic leader allows the followers to honestly report their setbacks and the resources they need. Benefiting idea-sharing norms advocated for authentic leadership, the team may help individuals overcome each technique barrier, which improves job efficiency and quality. According to Zhou et al. (2014), the stronger the authentic leadership, the stronger innovative the employees. Authentic leadership might alter employees' perspectives, inspiring them to generate new ideas and solutions (Reiter-Palmon & Illies, 2004). Authentic leaders foster innovation by virtue of their relationships with subordinates (Müceldili et al., 2013). While AL fosters an environment conducive to innovation, limited studies have been conducted on its innovative behavior (Elrehail et al., 2018), particularly in the banking sector.

Individuals become more motivated when they feel interesting, enjoyed, satisfied, and challenged, according to the componential theory of creativity (Amabile, 2012). Intrinsic task motivation may come from an individual's hope.

Authentic leadership can promote hope. Hope is "a positive motivational state that is based on an interactively derived sense of successful (a) agency (goal-directed energy) and (b) pathways (planning to meet goals)" (Snyder & Forsyth, 1991). According to Avolio et al. (2004), authentic leaders can play a key role in fostering employee hope. Authentic leaders' pathways would impact employees' willpower, encouraging employees to view challenges as potential opportunities rather than threats. It needs to seek out alternate routes to accomplish its intended results. When employees perceive their leaders to be authentic, they are also more willing to disclose obstacles and roadblocks to achieving goals. As a result, the chance of a new goal rises, which is the most important way to build hope (Luthans & Youssef, 2004).

Meanwhile, an individual's hope also influences innovative behavior. Willpower motivates prospective employees to pursue goals and keep going in the face of setbacks (Snyder, 2000). When previous paths become unattainable or impractical, willpower compels them to seek alternatives (Snyder, 1994). Not all solution routes are novel, but hopeful employees seek out novel ideas and solutions more frequently than hopeless employees. Furthermore, since hopeful employees appreciate goal pursuit, they are intrinsically motivated and, as a result, seek out innovative ways of expressing their energy (Amabile, 1997; Shalley & Gilson, 2004). The literature on hope indicates that it fosters employee creativity (Rego et al., 2012). Moreover, employees who demonstrate hope at work are more creative (Rego et al., 2012).

Given that authentic leadership is related to employees' hope and that employees' hope is related to their innovative behavior, the reasoning indicates that authentic leaders contribute to employees' innovative behavior by experiencing hope, which results in more innovative behavior.

Componential theory of creativity (Amabile, 2012) states that creativity-related processes involve two sub-processes that occur during the creative process. To begin, cognitive processes refer to an individual's capacity for information synthesizing that is not constrained by routines. Second, it denotes the personality process, implying that individuals must exhibit self-control and a tolerance for ambiguity.

Cognitive crafting means employees can "change the boundaries of their work without changing the work itself, which ensures employees can create their own meaning at work by linking personal ideas and passions with a work goal" (Wrzesniewski & Dutton, 2001).

In creativity-relevant processes, the authentic leader would use a broad and flexible perspective to identify potential or future values of the organization and set new goals that would surpass current ones based on synthesized information. Then, authentic leaders would show their trust and advocate for their employees to create their own ways to archive the goals by empowering them based on authentic leaders' relational transparency trait. Thus, the employees could engage in cognitive crafting by strengthening the importance of the job, participating in decision-making, and demonstrating faith in high results, which are results of empowering (Ahearne et al., 2005).

The authentic leader, from an internalized moral standpoint, would not evaluate employees who exhibit innovative conduct using the organization's current key performance metrics. Employees must engage significant time, effort, and technological components in procedures that require ingenuity, resulting in limited successes or failures. Authentic leaders who self-regulate according to their internal beliefs may view this as a cost of archiving their new goals rather than their existing ones. Employees who are empowered and trusted have ample time and authority to develop the best solutions for archiving work goals by applying novel ideas, methods, and technical tools to their own employment, so increasing their work efficiency.

Therefore, this study aims to investigate the relationships between authentic leadership and innovative behavior based on empirical studies of Thai bank employees. Moreover, this study extends previous knowledge by examining how authentic leadership improves bank employees' innovative behavior through fostering personal cognitive crafting and hope. Hence, were developed the following hypothesis:

H1: Authentic leadership is positively related to innovative employee behavior.

H2: Hope mediates the relationship between authentic leadership and innovative employee behavior.

H3: Cognitive crafting mediates the relationships between authentic leadership and innovative employee behavior.

2. METHODOLOGY

This study examined the hypotheses using a quantitative method to collect questionnaire survey data from Thailand's commercial banking sector. The researchers were urged to employ surveys as a strategy in this study because they are the most widely used and effective approach in management and business research (Sekaran & Bougie, 2016). Moreover, the deduction requires a rather large sample size to collect quantitative data in a systematic manner to run the statistical test and obtain generalizable results. Hence, surveys are the most effective tool for achieving this purpose (Bryman, 2016).

There are 18 commercial banks registered in Thailand, according to Banks of Thailand (Bank of Thailand, 2015). Participants in the study were drawn at random from among all employees at 68 branches. Participants in this study were informed of the study's goal and content, and they completed the questionnaire voluntarily. Furthermore, the identities of participants and the confidentiality of their responses were preserved.

http://dx.doi.org/10.21511/bbs.18(1).2023.14

A total of 725 questionnaires from 18 banks were allocated to the employees. Data were gathered manually. Six hundred and eighteen questionnaires were collected in total; eight of them were rejected due to inappropriate responses. The final 610 questionnaires were analyzed to determine the research findings. This study had an 85.24 percent response rate. Employees recorded their manager's authentic leadership and their own hope, cognitive crafting, and innovative behavior. Participants were also asked to provide details about their gender, age, education, and organizational position.

Demographically, there were 153 (25.1 percent) males and 456 females (74.9 percent), of which 74.2 percent were graduates, 24.3 percent were postgraduates, and the others had other degrees, such as a diploma. When it comes to age, 34.0 percent of the respondents were under the age of 30, 42.2 percent were between the ages of 31 and 40, and the remaining 23.8 percent were over the age of 40. In terms of their place in the company's hierarchy, 76.60 percent (the majority) of the employees were in staff positions, 13 percent worked as primary-level executives, 7.30 percent worked as middle-level executives, and the remaining 3.1 percent worked as higher-level executives.

Unless otherwise specified, the participants' responses were elicited using a five-point Likert scale, with one (1) denoting "strongly disagree" and five (5) denoting "strongly agree." Authentic leadership was estimated by the Authentic Leadership Inventory (ALI) on a 16-item scale by Neider and Schriesheim (2011). Several empirical research studies have utilized this instrument to assess authentic leadership (Elrehail et al., 2018; Schuckert et al., 2018; Zhou et al., 2014). Employees assessed their line managers' authentic leadership. Sample scale items include "My leader openly shares information with others."

The hope subscale of the psychological capital questionnaire (Luthans et al., 2007) was used for measuring hope. It comprises six items. The example for the item was "you believe that every problem has several solutions."

The cognitive crafting subscale of the job crafting questionnaire (Lee et al., 2017) was applied to evaluate cognitive crafting. It comprises five items. The typical sample items were, "I think about the ways in which my work positively impacts my life."

Employee innovative behavior was measured using a ten-item scale by De Jong and Den Hartog (2010). This instrument has been used to evaluate innovative work behavior in various empirical studies (Afsar et al., 2020; Javed et al., 2020). The example for the item was, "I pay attention to issues that are not part of my daily work."

3. RESULTS

3.1. Measurement model

This study examined the reliability and validity of each construct with SPSS version 24 and SPSS AMOS version 21 software for analysis. First, using the scale data, the Cronbach coefficient was obtained, representing the reliability of the internal consistency of the sample. As demonstrated in Table 1, Cronbach's coefficient of authentic leadership was 0.948; hope was 0.886; and cognitive crafting was 0.896. For the dependent variables, the innovative behavior coefficient was 0.901. Overall, all these constructs had coefficients greater than 0.700. Scales with coefficients ranging from 0.80 to 0.95 are thought to be extremely reliable (Babin & Zikmund, 2015). This means the questionnaire had an excellent level of internal consistency and reliability.

Construct validity was assessed using confirmatory factor analysis. Table 1 presents the factor loading. In general, the factor loading of each indicator would have to be higher than 0.50 to be considered a reliable measure of the latent construct (Hulland, 1999). In this study, all of the loadings exceeded .50, except for two items (AL14 and AL15) that were eliminated from the study due to poor factor loadings (0.423 and 0.472) (Hulland, 1999).

Concurrently, composite reliability (CR) calculates the items' homogeneity and internal consistency using a scale. As demonstrated in Table 1, the CR of authentic leadership, hope, and cognitive crafting were 0.970, 0.844, and 0.770, respectively. In addition, the CR of employees' in-

Table 1. Reliability and validity

No.	Constructs	Min loading	Alpha	CR	AVE
1	Hope	0.771	0.886	0.844	0.578
2	Cognitive crafting	0.705	0.896	0.770	0.501
3	Employee innovative behavior	0.791	0.901	0.890	0.669
4	Authentic leadership	0.722	0.948	0.970	0.893

Table 2. Descriptive statistics and correlation matrix

No.	Variables	$\bar{X}$	SD	1	2	3	4
1	Hope	3.962	0.656	(0.760)			
2	Cognitive crafting	4.003	0.649	0.732**	(0.707)		
3	Employee innovative behavior	3.928	0.766	0.591**	0.594**	(0.817)	
4	Authentic leadership	3.927	0.703	0.638**	0.571**	0.642**	(0.944)

novative behavior were 0.890. Therefore, CR values of 0.6 or higher were generally regarded as appropriate, with values of 0.8 or higher being preferred (Fornell & Larcker, 1981). According to these findings, the CR values for the whole construct were greater than 0.800, indicating that the questionnaire's composite reliability was excellent.

Convergent validity was investigated using factor loading and average variance extracted (AVE). As demonstrated in Table 1, the minimum factor loadings ranged from 0.705 to 0.791 at a significance level of 0.05. Meanwhile, the AVEs of authentic leadership, hope, and cognitive crafting were 0.893, 0.578, and 0.501, respectively. The AVE of employees' innovative behavior was 0.669. All the AVE values were greater than the required verge of 0.500 (Koufteros, 1999). Therefore, it can be concluded that all assessment items have sufficient convergent validity based on factor loading and AVE values.

For this study, discriminant validity was evaluated as suggested by Fornell and Larcker (1981). They propose that the square root of each construct's AVE should be greater than any other construct's highest correlation. Table 2 depicts the relationships between the constructs and the average variance extracted (AVE) values on the diagonal, demonstrating that all AVE values were higher than the squared inter-construct correlations, indicating that all constructs were discriminantly valid. Based on the preceding test findings, it can be inferred that the research instrument had appropriate reliability and validity.

Data were examined and screened with the Variance Inflation Factor (VIF) of all observed variables using the Variance Inflation Factor (VIF). The criteria for consideration were VIF 10 (Lieberman & Morris, 2014), which explains a VIF greater than ten. There will be a multicollinearity problem. This study found that the VIF of all items in every variable was within the specified criteria (1.958-5.724), implying that multicollinearity was not a major issue. However, the questionnaire chooses to use the Likert scale only to collect data from a single or key informant, which may cause problems of common method bias (Wong et al., 2003). The correlation between the exogenous and endogenous variables is not a genuine relationship between variables.

Nevertheless, as a result of relationships in which the data was obtained from a common source, Therefore, common method bias could jeopardize the study's validity (Lu et al., 2010). Therefore, this study applies Harman's one-factor test (Malhotra et al., 2006) to investigate common method bias. Harman's one-factor test reveals that the first factor answers for 47.49 percent of the variance, much less than the 50 percent criterion (Li et al., 2018). Hence, common method bias is considered not to be a significant issue.

Confirmatory factor analysis was used to ensure the validity of all measured variables. It was found that χ^2 = 1046.591, df = 394, χ^2/df = 2.656, CFI = .948, TLI = .942, RMSEA = .053, and SRMR = .036, indicated that the overall fit was no obstacle (Hair et al., 2010). After the previous tests, we are sure that reliability and validity can be employed as qualified constructs in the following SEM analysis.

http://dx.doi.org/10.21511/bbs.18(1).2023.14

3.2. Hypothesis testing

For the purpose of putting the hypotheses to the test, the SPSS PROCESS version 4 macro (Hayes, 2012) was utilized. According to this methodology, the predictor variable had a direct relationship with the criterion variable, and the criterion variable had an indirect relationship with the predictor through a mediator. Hope and cognitive design were the two mediators whose effects the researchers measured to determine their relative significance.

The results presented in Table 3 show that all the hypothesized paths were significant ($p < 0.001$). Table 3 shows that authentic leadership was positively and significantly related to employee innovative behavior ($\beta = 0.438$, $t = 10.507$, p 0.001, *CI* [0.356, 0.519], thus providing support to *H1*. Bootstrapping protocols were used to quantify the mediation's importance better. The advantage of using the bootstrapping strategy is that it does not assume the indirect effect's normal error distribution, as well as giving confidence intervals for the assessment. Further, bootstrapping protocols based on 5,000 bootstrapped samples, bias-corrected and accelerated 95 percent confidence intervals were used to estimate the mediation's importance further.

Furthermore, the results of *H2* ($\beta = 0.161$, $p < 0.05$, 95% *CI* [0.093, 0.232]) supported the hypothesis that cognitive crafting mediated the relationship between authentic leadership and employee innovative behavior. Furthermore, the results of *H3* ($\beta = 0.052$, $p < 0.05$, 95% *CI* [0.013, 0.096]) strongly supported the claim that hope mediated the relationship between authentic leadership and employee innovative behavior; thus, *H3* was supported.

4. DISCUSSION

This study examined how authentic leadership promotes employees' innovative behavior. Cognitive crafting could mediate the relationship between authentic leadership and employee innovation behavior. Correspondingly, hope can act as a mediator between authentic leadership and innovative employee behavior. Authentic leadership has been demonstrated to impact employees' innovative behavior through cognitive crafting and hope, with parallel mediation. The authentic leader inspires employees to create a new approach, challenges their views, inspires them to go beyond the ordinary task, and allows them to think outside of the box, all of which contribute to innovative behavior.

The findings of this study are consistent with previous research that concludes leadership is a predictor of innovation. Various leadership styles are characterized by examples like servant leadership (Faraz et al., 2019; Yoshida et al., 2014), transformational leadership (Li et al., 2019), and ethical leadership (Yidong & Xinxin, 2013). It is an academic's broadening the literature by investigating the extra distinct repercussions of authentic leadership after obtaining the study's findings.

This study confirms the partial mediation of cognitive crafting and hope in the relationship of authentic leadership to innovative employee behavior. This demonstrated that authentic leadership creates a positive perception of employees' cognitive crafting, which leads to the enhanced performance of employees that culminates in employees' innovative behavior. The employee is motivated through cognitive crafting, and it tends to trigger autonomous feelings of creativity, innovation, and the feeling that their work is a cause for individual develop-

Table 3. Estimates based on the structural model

Hypothesis	Relationship	β -Value	SE	*t*-value	LLCI (95%)	ULCI (95%)	Outcome
H1:	AL→EIB	0.438***	0.042	10.507	0.356	0.519	Supported
Bootstrap results for indirect effect							
Mediating effects		**Effect**	**SE**		**LLCI (95%)**	**ULCI (95%)**	**Degree of mediation**
H2:	AL→CC→EIB	0.161*	0.036		0.093	0.232	Partial
H3:	AL→HO→EIB	0.052*	0.021		0.013	0.096	Partial

Note: $p^* < 0.05$, $p^{**} < 0.01$, $p^{***} < 0.001$; AL = Authentic leadership, CC = Cognitive crafting, HO = Hope, EIB = Employee innovative behavior.

ment. As a result, employees craft their cognition with the resources to invest in innovation in their work. Furthermore, employees guided by authentic leaders have greater hope, which motivates them to be more innovative with their psychological resources (Mohammadpour et al., 2017). This study increases the existing knowledge by investigating the mediating role of cognitive crafting and hope between authentic leadership and innovative behavior based on the theoretical perspective of the componential theory of creativity.

CONCLUSION

The finding shows authentic leadership could promote innovative behaviors. Moreover, this study contributes to a better understanding of the factors influencing innovative employee behavior, cognitive crafting, and hope. Authentic leaders are individuals who possess the ability to stimulate their employees' innovative behavior. Authentic leaders generate cognitive crafting and hope in their staff, fostering innovative behavior in the Thai commercial banking sector. The study's primary contribution is the identification of authentic leadership as a concept that can be characterized in terms of personality and attitude strength; recognizing the value of cognitive crafting; and attempting to explain how these aspects influence employees' innovative behavior. Finally, organizations should encourage authentic leadership development. To begin with, selection criteria should be established to identify and then develop authentic leaders. Further, top executives might obtain a competitive edge by creating an environment and activities that promote cognitive crafting and hope-inducing innovative behavior.

AUTHOR CONTRIBUTIONS

Conceptualization: Rachadatip Uppathampracha.
Data curation: Rachadatip Uppathampracha.
Formal analysis: Rachadatip Uppathampracha.
Funding acquisition: Rachadatip Uppathampracha.
Investigation: Rachadatip Uppathampracha.
Methodology: Rachadatip Uppathampracha.
Project administration: Rachadatip Uppathampracha.
Resources: Rachadatip Uppathampracha.
Software: Rachadatip Uppathampracha.
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Validation: Muhammad Anwar.
Visualization: Muhammad Anwar.
Writing – original draft: Rachadatip Uppathampracha.
Writing – reviewing & editing: Rachadatip Uppathampracha, Muhammad Anwar.

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