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Fostering Innovation Through Coaching Leadership: The Role of Employee Well-Being in Shaping Workplace Behavior

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Abstract

In the context of globalization and heightened competition, organizations face the ongoing challenge of fostering innovation and creating environments that promote collaboration and the exchange of knowledge. Leadership is a key driver in developing a culture where employees actively share knowledge and engage in innovative activities. This study employs a quantitative approach to explore how coaching leadership (CL) influences employees' knowledge sharing behavior (KSB) and innovative behavior, with employee well-being (EWB) acting as a mediator. The research sampled 181 employees from private banking institutions in Indonesia. Results indicate that CL positively impacts EWB, which subsequently enhances KSB. Moreover, EWB was found to significantly mediate the effect of CL on both innovative behavior and knowledge sharing, highlighting its central role. These findings suggest that prioritizing employee well-being through coaching-oriented leadership not only enhances employees' personal quality of life but also fosters a more innovative and collaborative workforce. The study emphasizes the practical importance of adopting coaching leadership practices to cultivate well-being, thereby strengthening organizational innovation and knowledge-sharing practices.

Keywords: Employee well-being, Coaching leadership, Knowledge sharing behavior, Innovative behavior, Bank

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Introduction

Employees are a cornerstone of organizational success, contributing not only to operational performance but also to the long-term sustainability of the company. As such, organizations must invest in holistic development strategies that enhance employees' skills, knowledge, well-being, and workplace behaviors. Prioritizing employee well-being (EWB) has been linked to higher engagement and longer retention, reflecting both individual and organizational health [1, 2].

Leadership is a critical factor in shaping such a work environment. Beyond task management, effective leaders guide and mentor employees, fostering behaviors that encourage collaboration and innovation. Knowledge sharing (KSB) is particularly important, as it not only improves performance but also stimulates creative thinking and problem-solving [3, 4]. By facilitating the exchange of ideas, leaders help cultivate a learning-oriented culture, enhancing employees' confidence and capacity for innovation [5, 6].

The banking sector, characterized by fast-paced market changes and evolving customer expectations, demands continuous innovation to remain competitive. Organizations that consistently develop novel solutions and superior products gain a strategic advantage [7, 8]. Employees' innovative behavior (EIB) is central to this process, encompassing idea generation, implementation, and iterative improvement [9, 10]. Supporting and incentivizing innovation is therefore essential to both organizational performance and cost efficiency [11].

Coaching leadership (CL) offers a targeted approach to nurturing employee potential. Through personalized guidance, leaders help employees overcome limitations, enhance skills, and share knowledge, which can lead to the development of new products and services [12, 13]. Unlike other leadership styles, CL emphasizes the unique strengths of each individual, motivating them to improve behaviors and contribute meaningfully to organizational objectives [14, 15].

Despite the recognized benefits of leadership and well-being, there is limited research on how CL influences KSB and innovative behavior in the Asian banking context, particularly with EWB as a mediating factor. This study aims to address this gap, providing insights into how coaching-oriented leadership that prioritizes well-being can foster a collaborative, innovative, and adaptable workforce, enabling banks to thrive in an increasingly competitive environment.

Literature Review and Hypothesis Development

Social exchange theory

Social exchange theory is a widely used framework for understanding behavior in organizational settings. It emphasizes that interdependent relationships can generate high-quality interactions and mutual benefits [16]. Central to the theory are the concepts of reciprocity and mutual dependence, which provide a basis for explaining diverse social interactions and relational dynamics [17]. According to Blau [18], exchange relationships are causal: the nature of a relationship shapes the patterns and outcomes of social exchanges. Positive exchanges reinforce trust and commitment, creating cycles of mutually beneficial behavior.

Applied to coaching leadership (CL), social exchange theory suggests that leaders who actively support and guide employees cultivate constructive relational dynamics. When employees perceive benefits from CL—such as enhanced psychological well-being (EWB)—they are more likely to reciprocate through behaviors like knowledge sharing and innovative activities. In this way, CL not only strengthens interpersonal relationships within organizations but also serves as a mechanism for promoting both KSB and employee innovation by leveraging the reciprocal nature of social exchanges.

CL

Coaching introduces a human-centered and personalized approach within organizations, allowing employees the opportunity to reflect, grow, and develop their capabilities [19]. The success of coaching largely depends on a leader's interpersonal skills, including effective communication, respect, trust-building, integrity, and the ability to establish meaningful connections [20]. In performance management, coaching is recognized for its role in problem-solving, particularly during periods of business uncertainty, where it serves a strategic function. Its effectiveness is influenced not only by technical expertise but also by a leader's mindset, with successful leaders demonstrating openness to new perspectives while maintaining valuable existing practices—striking a balance between innovation and continuity [21]. Engaging employees through coaching that conveys actionable information has been found to be more impactful than approaches that rely solely on listening or questioning [22]. Organizations increasingly view coaching as a method for shaping leadership behaviors that support the adoption and implementation of innovative ideas. Supervisors and managers play a central role as coaches, guiding employees through skill development and problem-solving processes [20]. Coaching is also conceptualized as a process that empowers employees to take responsibility for their performance, sustain high levels of achievement, and cultivate a partnership-oriented approach toward shared organizational goals [20].

Coaching leadership (CL) is a leadership style that inspires, guides, and motivates employees to enhance their performance. Characterized by frequent, interactive engagement, CL promotes employee potential, encourages risk-taking, and supports learning from mistakes [23]. Research by Berg and Karlsen [12] suggests that CL can be more effective than transformational or servant leadership in optimizing individual employee potential. While transformational leadership emphasizes motivating employees to align with organizational vision and adapt to change, and servant leadership focuses on team well-being and collaboration, CL prioritizes continuous individual development through guidance and feedback. By fostering independence, confidence, and readiness to confront challenges, CL contributes to the creation of an adaptive, resilient, and high-performing organizational environment.

EWB

Employee well-being (EWB) is a dynamic and context-dependent concept, shaped by factors such as cultural norms, generational differences, and social values [24]. It reflects employees' overall experience and perception of their work life, encompassing not only task-related satisfaction but also broader life balance and goal fulfillment [25, 26]. A holistic approach to EWB considers multiple dimensions of well-being, highlighting the need for workplaces to create supportive environments that address both professional and personal needs.

In demanding and competitive work settings, the well-being of employees is closely linked to organizational effectiveness. Organizations that foster strong employee welfare often experience higher productivity, engagement, and resilience, while neglecting employee needs can undermine organizational performance [27, 28]. EWB can be seen as a broader indicator of

quality of life, encompassing life satisfaction, psychological health, and the ability to balance personal and professional responsibilities [25]. Beyond subjective feelings, EWB is reflected in employees' motivation, vitality, and the expression of satisfaction in both their work and personal lives, making it a critical determinant of overall organizational health [1].

Knowledge Sharing Behavior (KSB)

In today's competitive business environment, knowledge sharing has emerged as a critical driver of organizational success [29]. It involves the dissemination, transfer, and exchange of information, skills, and experience among employees, enhancing both individual and collective performance. By facilitating knowledge sharing within teams, leaders enable employees to work more efficiently, productively, and collaboratively [3]. Sharing insights across the organization strengthens its knowledge base, shaping employee attitudes and behaviors while fostering a culture of collaboration [30]. Leaders play a key role in promoting this culture by facilitating the flow of knowledge, resolving conflicts, and ensuring effective communication among employees [30].

Knowledge sharing not only enriches individual expertise but also contributes to organizational innovation, enhancing overall competitiveness [4]. Leaders encourage employees to exchange ideas, learn from one another, and acquire new perspectives, which broadens knowledge and supports problem-solving [31]. In global organizations, leveraging the experience of employees from diverse backgrounds helps adapt practices to local contexts and improves organizational learning [29]. Transforming tacit knowledge into explicit knowledge is essential for fostering KSB, creating synergy across teams, and sustaining a competitive advantage [32].

Employee Innovative Behavior (EIB)

Innovative behavior encompasses activities aimed at generating, promoting, and implementing novel ideas within the workplace [33]. It reflects employees' ability to engage in creative problem-solving and take initiative to enhance performance, drive excellence, and support long-term organizational growth [34]. Employees exhibiting innovative behavior actively develop and execute new solutions, enabling the organization to adapt to changing demands and achieve desired outcomes [10].

EIB is directly linked to organizational productivity, efficiency, and sustainable growth. To foster such behavior, organizations must implement effective human resource management practices that support the acquisition and application of knowledge, thereby enhancing employees' innovative capacity and competitive advantage [35]. Given the increasingly complex and competitive business environment, promoting innovative behavior is essential for organizational survival and success [36]. Employees engaging in innovation must be willing to invest time and effort while embracing the possibility of failure as part of the learning and improvement process [33].

Coaching Leadership (CL) and Employee Well-Being (EWB)

Coaching leadership (CL) provides employees with guidance, resources, and support, creating a positive and high-quality work environment that enhances employee well-being [37]. The behavior and approach of leaders significantly influence the well-being of their teams, shaping experiences in the workplace either positively or negatively [38]. As a contemporary leadership approach, CL emphasizes the development of employees' skills and capabilities, playing a pivotal role in fostering EWB [39].

The relationship between leadership and employee welfare is mediated by the quality of interactions between leaders and team members. By leveraging individual and team strengths, CL enhances not only EWB but also team effectiveness, creating a supportive environment conducive to growth and performance [40, 41].

H1: Coaching leadership has a positive effect on employee well-being.

Coaching Leadership and Knowledge Sharing Behavior

Coaching leadership (CL) emphasizes guiding employees toward accountability and consistent high performance while treating them as collaborative partners [20]. Through coaching, leaders not only help employees develop their skills but also align individual capabilities with organizational goals. This approach encourages creativity and supports knowledge-sharing initiatives, which are critical in competitive business environments [14]. Moreover, coaching provides mechanisms to address challenges or conflicts that may arise during knowledge exchange, ensuring smoother collaboration across teams [42].

H2: Coaching leadership positively influences knowledge sharing behavior.

Coaching leadership and employee innovative behavior

Leaders adopting a coaching style actively support employees in identifying goals, uncovering personal motivations, and implementing plans through guidance, encouragement, and open communication [39]. CL fosters empowerment and tolerates mistakes, allowing employees to explore new approaches and develop confidence in their innovative abilities [7, 43]. Research indicates that innovation at the individual level is closely tied to leadership practices, managerial expectations, and structured

support for creative problem-solving [33, 44]. By promoting autonomy and providing necessary resources, coaching leaders create an environment conducive to ongoing innovation.

H3: Coaching leadership positively affects employee innovative behavior.

Employee well-being and knowledge sharing behavior

Employee well-being (EWB) plays a critical role in encouraging the sharing of knowledge within organizations. While explicit knowledge is easily exchanged, tacit knowledge—such as personal experience and insights—often remains underutilized. By improving employees' overall well-being, organizations can reduce hesitation to share valuable information and promote a culture of collaboration [45]. Studies show that both physical and social aspects of well-being increase employees' engagement in knowledge-sharing activities [46, 47].

H4: Employee well-being has a positive effect on knowledge sharing behavior.

Employee well-being and employee innovative behavior

Well-being, including psychological, social, and physical dimensions, is closely linked to employees' capacity to apply their skills effectively and embrace innovation. Psychological well-being, in particular, mediates the relationship between organizational support and employees' motivation for creative problem-solving [48]. Work environments that foster autonomy, trust, and support for new ideas enable employees to engage more fully in innovative behaviors [49, 50].

H5: Employee well-being positively influences employee innovative behavior.

Knowledge sharing behavior and employee innovative behavior

Knowledge sharing facilitates the development of innovative behavior by creating opportunities for employees to exchange insights, enhance skills, and co-develop solutions [4, 51]. The sharing of knowledge not only strengthens collaboration but also encourages creative problem-solving, ultimately fostering individual and organizational innovation [52, 53]. Practical examples, such as knowledge-sharing among Indonesian batik SMEs, demonstrate how exchanging experiences improves efficiency and drives innovation [54, 55]. Employees who actively engage in both giving and receiving knowledge are more likely to adopt innovative approaches in their work [56].

H6: Knowledge sharing behavior positively affects employee innovative behavior.

Employee well-being as a mediator

Research suggests that leaders and employees often experience well-being and leadership interactions in similar ways, combining emotional responses with knowledge-based understanding [41]. By adopting a coaching leadership (CL) approach, organizations can create an environment that nurtures employees' innovative potential. Open organizational cultures encourage the participation of stakeholders in knowledge development, while coaching strengthens critical thinking, promotes adaptive behaviors, and fosters a sense of empowerment among employees [57]. Knowledge sharing is inherently reciprocal: when one individual shares valuable information, others are more likely to contribute in return. Leaders can further reinforce this cycle by recognizing employees who actively share knowledge or propose innovative ideas, thereby building trust and collaboration [9].

Coaching leaders positively influence employee well-being, which in turn encourages more active engagement in knowledge sharing within the organization [37]. Organizations that combine effective leadership with a focus on EWB create psychologically safe environments where employees feel motivated, secure, and supported in their relationships. Such settings promote open knowledge exchange without fear of criticism or competition [58].

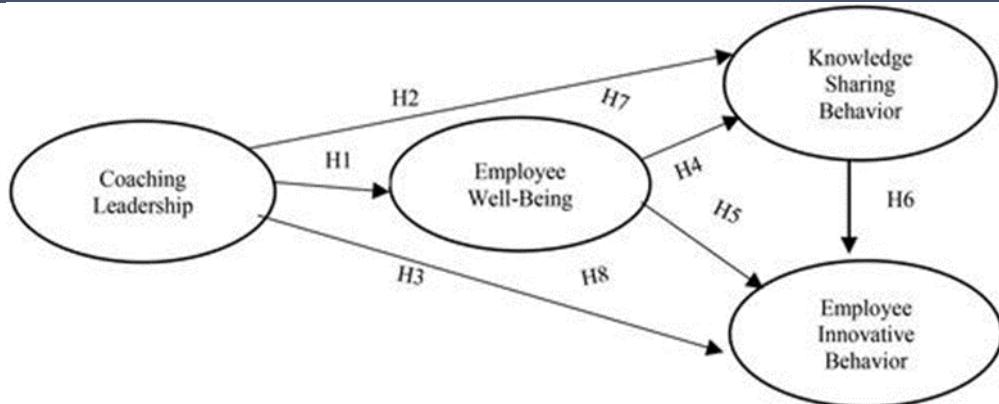
Feedback and personal interactions from leaders also play a crucial role in fostering employees' sense of meaning and motivation. Regular feedback signals care and recognition, generating positive emotions and opportunities for growth and skill development. Employees often value psychological support even more than practical assistance [41]. Through coaching, leaders help employees recognize and leverage their creative and innovative capacities [39]. Higher levels of well-being—encompassing social, psychological, and physical dimensions—enhance vitality, motivation, and innovative performance, enabling employees to excel in their roles [48].

Accordingly, in this study, CL is proposed to enhance EWB through guidance, feedback, and empowerment. Employees with greater well-being are more confident, motivated, and willing to engage in creative and innovative behaviors. Therefore, EWB is positioned as a mediating mechanism linking coaching leadership to both knowledge sharing and innovative behavior.

H7: Employee well-being mediates the relationship between coaching leadership and knowledge sharing behavior.

H8: Employee well-being mediates the relationship between coaching leadership and employee innovative behavior.

The conceptual framework of the study is illustrated in **Figure 1**.

**Figure 1.** Research model

Method

Data and samples

This study adopts a quantitative descriptive design and focuses on two branch offices of prominent private banks in Jakarta, Indonesia. These banks were selected due to their outstanding performance and recognition within the industry. In 2023, both institutions were awarded the Indonesia Human Resources Award for excellence, reflecting their leadership in human resource management and innovative practices.

One bank was recognized for its “Outstanding Digitalization of HR Recruitment and Development,” highlighting its success in integrating digital tools to streamline recruitment and employee development processes, thereby fostering a flexible and adaptive workplace. The second bank received a similar award, underscoring its commitment to innovative HR strategies. These achievements illustrate the role of effective leadership in motivating employees, shaping behavior, and supporting organizational success in a competitive banking landscape.

Despite involving only two institutions, these banks are considered highly representative of the Indonesian private banking sector. Both have substantial market presence, serve diverse customer segments, and possess sufficient resources to implement advanced HR practices, making the findings broadly relevant to similar large banks in Indonesia.

Data collection was conducted through an online survey using Google Forms, distributed either directly to employees or via their managers. The target population consisted of 540 employees across the two branches. A convenience sampling approach was employed, with participation based on employees’ willingness to respond voluntarily, resulting in 181 completed questionnaires. This sample size aligns with recommendations for covariance-based structural equation modeling (CB-SEM). Hair *et al.* [59] suggest that 150–200 respondents are sufficient for models with 20–30 indicators, while Memon *et al.* [60] recommend 160–300 observations for multivariate analyses. In this study, 24 reflective indicators across four latent constructs were analyzed using AMOS version 22.0, confirming the adequacy of the sample.

The study received ethical clearance from the Ethics Committee of the Faculty of Economics and Business, Universitas Trisakti (No. 002/A.S3/IK/USAKTI/II/2023, 4 February 2023). Participants were fully briefed on study procedures, confidentiality measures, and their rights, and only those who provided verbal informed consent, supported by an official university authorization, were included in the research.

Measurements

To assess the study variables, established scales from prior research were adapted to fit the context of this study. Coaching leadership (CL) was measured using a four-item scale adapted from Farh and Chen [61], while employee innovative behavior (EIB) was evaluated with six items derived from Scott and Bruce [44]. Employee well-being (EWB) was captured using four items adapted from Wang *et al.* [37], and knowledge sharing behavior (KSB) was assessed through a 10-item scale developed by Mafabi *et al.* [62]. Each item was rated on a five-point Likert scale, ranging from 1 (“strongly disagree”) to 5 (“strongly agree”), ensuring comparability and consistency across constructs.

The quality of the instruments was verified through validity and reliability testing. Factor loadings for all items across CL, EIB, EWB, and KSB exceeded 0.6, confirming construct validity. Reliability analyses demonstrated Cronbach’s alpha values above 0.8 for all scales, indicating high internal consistency. These findings support the suitability of the instruments for accurately measuring the intended variables, in line with recommended standards for survey research [59].

Table 1. Confirmatory factor analysis

Construct	Item	Factor Loading	Cronbach’s α	Validity & Reliability Assessment
Coaching Leadership	CL1	0.872	0.894	Valid and reliable
	CL2	0.915		
	CL3	0.868		

	CL4	0.830	
Employee Well-Being	EWB1	0.797	0.869
	EWB2	0.819	Valid and reliable
	EWB3	0.890	
	EWB4	0.886	
Knowledge Sharing Behavior	KS1	0.762	0.934
	KS2	0.665	Valid and reliable
	KS3	0.775	
	KS4	0.801	
	KS5	0.817	
	KS6	0.808	
	KS7	0.810	
	KS8	0.851	
	KS9	0.835	
	KS10	0.839	
Employee Innovative Behavior	EIB1	0.838	0.918
	EIB2	0.901	Valid and reliable
	EIB3	0.882	
	EIB4	0.813	
	EIB5	0.892	
	EIB6	0.764	

Source: Data processing.

The confirmatory factor analysis revealed acceptable model fit. The obtained fit indices were as follows: RMSEA = 0.072, RMR = 0.039, CFI = 0.916, IFI = 0.917, and normed χ^2 = 3.801. Following the guidelines proposed by Hair *et al.* [59], these figures reflect a reasonably well-fitting model. The RMSEA value sits comfortably in the 0.05–0.08 range typically regarded as satisfactory, both the CFI and IFI surpass the recommended minimum of 0.90, and the normed chi-square remains under the commonly accepted upper limit of 5.0.

Three different procedures were used to examine whether common method variance (CMV) might be affecting the results. Harman's single-factor test indicated that the largest factor extracted explained 49.4% of the variance—just below the 50% cutoff often cited as evidence of serious method bias [63, 64]. When a common latent factor was added in AMOS, a considerable number of items showed loading differences larger than 0.20, which initially suggested the possible presence of method effects. Finally, a marker variable approach was applied using gender as a construct theoretically unrelated to the study variables. Partialling out the effect of gender produced only trivial changes in the inter-construct correlations (differences between 0.000 and 0.005). According to Lindell and Whitney [65], such minimal shifts signal that common method variance is unlikely to be a major concern.

Taken together, the outcomes of Harman's test and the marker variable analysis provide reassuring evidence that common method bias does not seriously threaten the study's conclusions, even though the common latent factor test yielded somewhat ambiguous results.

Results

Descriptive statistics

Among the bank employees who participated in this study, 52.5% were male and 47.5% were female. Most participants (46.4%) were between 24 and 34 years old, 72.9% held a bachelor's degree, and 44.8% had 4 to 10 years of work experience (Table 2).

Table 2. Characteristics of respondents

Variable	Category	Frequency	Percentage (%)
Gender			
	Female	86	47.5
	Male	95	52.5
Age (years)			
	Under 24	24	13.3
	24–34	84	46.4
	35–44	53	29.3
	45–54	18	9.9
	55 and above	2	1.1
Education Level			
	Undergraduate (in progress)	12	6.6
	Bachelor's degree	132	72.9
	Master's degree	37	20.4
Work Experience (years)			
	Less than 3 years	37	20.4
	4–10 years	81	44.8
	11–17 years	33	18.2

18-24 years	23	12.7
More than 25 years	7	3.9

Source: Data processing.

The mean score for the CL (Contingent Leadership) variable was 4.39 (SD = 0.602), indicating that bank employees generally perceive their leaders as providing guidance, offering coaching, giving feedback on employee questions, and effectively assessing situations to take appropriate actions. The average score for EWB (Employee Well-Being) was 4.10 (SD = 0.685), suggesting that employees are fairly satisfied with their work, as it allows them to reflect on their tasks and achieve personal life goals. The mean score for KSB (Knowledge Sharing Behavior) was 4.39 (SD = 0.532), reflecting a strong culture of information exchange, where employees readily share their knowledge and skills with colleagues. For EIB (Employee Innovative Behavior), the average was 4.20 (SD = 0.643), indicating that the work environment in these banks supports innovation, with employees actively generating and sharing creative ideas and seeking new methods to perform tasks. A summary of descriptive statistics for all constructs, including mean, standard deviation, minimum, and maximum values, is provided in **Table 3**.

Table 3. Descriptive statistics (n = 181).

Construct / Item	Minimum	Maximum	Mean	Std. Deviation
Coaching Leadership				
CoL1	2	5	4.40	0.656
CoL2	2	5	4.36	0.707
CoL3	2	5	4.41	0.699
CoL4	2	5	4.40	0.705
Coaching Leadership (Overall)	2.00	5.00	4.39	0.602
Employee Well-Being				
EWB1	1	5	4.27	0.712
EWB2	1	5	4.05	0.884
EWB3	1	5	4.01	0.830
EWB4	1	5	4.08	0.802
Employee Well-Being (Overall)	1.50	5.00	4.10	0.685
Knowledge Sharing Behavior				
KS1	1	5	4.46	0.628
KS2	1	5	4.21	0.753
KS3	1	5	4.43	0.701
KS4	1	5	4.44	0.709
KS5	1	5	4.29	0.734
KS6	1	5	4.29	0.713
KS7	1	5	4.45	0.627
KS8	1	5	4.41	0.596
KS9	1	5	4.43	0.668
KS10	1	5	4.55	0.571
Knowledge Sharing Behavior (Overall) 10 items)**	1.10	5.00	4.39	0.532
Employee Innovative Behavior				
EIB1	1	5	4.32	0.728
EIB2	1	5	4.25	0.747
EIB3	1	5	4.20	0.705
EIB4	1	5	4.06	0.883
EIB5	1	5	4.23	0.690
EIB6	1	5	4.14	0.815
Employee Innovative Behavior (Overall)	1.00	5.00	4.20	0.643

Source: Data processing

Hypothesis testing

At a 95% confidence level, hypothesis testing showed that seven out of the eight proposed hypotheses were confirmed, while one was not supported (**Table 4**). Support for a hypothesis was determined by a p-value of 0.05 or lower, whereas a p-value above 0.05 indicated no support. The analysis revealed that CL positively affected EWB ($\beta = 0.464$, $p = 0.000$), confirming H1. Similarly, CL had a strong positive effect on KSB ($\beta = 0.836$, $p = 0.000$), supporting H2. In contrast, the relationship between CL and EIB was not significant ($\beta = 0.117$, $p = 0.212$), meaning H3 was not supported. EWB significantly influenced KSB ($\beta = 0.144$, $p = 0.007$) and EIB ($\beta = 0.189$, $p = 0.002$), validating H4 and H5. KSB also had a substantial positive impact on EIB ($\beta = 0.742$, $p = 0.000$), supporting H6. Regarding indirect effects, EWB acted as a mediator between CL and KSB ($\beta = 0.592$, $p = 0.010$) and between CL and EIB ($\beta = 0.120$, $p = 0.004$), confirming H7 and H8.

Table 4. The outcome of hypothesis testing

Hypothesis	Description	Standardized Coefficient (β)	p-Value	Result
H1	Coaching Leadership → Employee Well-Being	0.464	<0.001	Supported

H2	Coaching Leadership → Knowledge Sharing Behavior	0.836	<0.001	Supported
H3	Coaching Leadership → Employee Innovative Behavior	0.117	0.212	Not supported
H4	Employee Well-Being → Knowledge Sharing Behavior	0.144	0.007	Supported
H5	Employee Well-Being → Employee Innovative Behavior	0.189	0.002	Supported
H6	Knowledge Sharing Behavior → Employee Innovative Behavior	0.742	<0.001	Supported
H7	Employee Well-Being mediates the relationship between Coaching Leadership and Knowledge Sharing Behavior	Indirect effect = 0.592	0.010	Mediation supported
H8	Employee Well-Being mediates the relationship between Coaching Leadership and Employee Innovative Behavior	Indirect effect = 0.120	0.004	Mediation supported

Source: Data processed with AMOS.

Discussion

This study advances current knowledge by addressing several research gaps. Analysis indicates that CL positively affects employee well-being, highlighting the critical role of leadership in shaping employees' work experiences. Leaders who provide guidance, coaching, and constructive feedback help employees feel fulfilled by aligning personal goals with work outcomes [25]. Salmi *et al.* [41] emphasize that leadership and employee well-being are closely connected, with leaders' actions potentially enhancing or diminishing employees' welfare. CL, as a human capital practice, contributes to employees' physical and social well-being [48]. Bank leaders who focus on mentoring, providing feedback, and skill development create an environment where employees feel valued, motivated, and satisfied.

The study also finds that CL promotes KSB among bank employees. Leaders who cultivate strong, supportive relationships and treat employees as partners foster trust and appreciation, encouraging the open exchange of knowledge and skills. This aligns with Wadhwa and Bali [42], who highlight coaching as an effective tool for enhancing knowledge-sharing practices. Rosha and Lace [57] further note that coaching nurtures an innovative culture, allowing organizations to expand knowledge collaboratively and achieve long-term competitive advantages.

Interestingly, CL does not directly influence EIB. Despite leaders' efforts to support, guide, and tolerate mistakes, employees' innovative behavior does not significantly change. This contrasts with findings by Zhang [39] and Tanuwijaya *et al.* [66], who reported a positive effect of CL on innovation. The results suggest that innovation largely emerges from employees' intrinsic creativity, autonomy, and willingness to explore new ideas [7]. The majority of respondents (46.4%) belong to Generation Y (ages 24–34), who are naturally innovative and technologically adept. Millennials leverage digital tools and social media to enhance work efficiency and drive improvements independently [67]. In Indonesia's collectivist and hierarchical context, combined with the highly regulated nature of the banking sector, employees tend to prioritize compliance and harmony over proposing novel ideas, limiting the direct influence of CL on innovation.

EWB is shown to positively impact KSB. Employees who feel their workplace needs are met experience satisfaction and fulfillment, motivating them to share knowledge and skills with colleagues. Knowledge sharing benefits both parties, fostering collaboration and collective growth. These results support Alghamdi *et al.* [46] and Latif *et al.* [47], who demonstrate that improved physical and social well-being enhances employees' knowledge-sharing behaviors.

EWB also drives innovative behavior. Employees whose expectations are met are more likely to engage in innovative activities, indicating that innovation depends on positive organizational support and recognition [50]. Higher subjective well-being encourages creativity and motivates employees to contribute ideas that enhance organizational performance [68]. Psychological well-being equips employees to face challenges in creative tasks, improving their innovative output [48].

KSB further strengthens EIB. Prior research confirms that access to knowledge, organizational trust, learning opportunities, and participatory decision-making are critical for innovation [4, 51–53, 55, 56, 69]. Knowledge sharing facilitates the transfer of information and skills, creating a more complete and structured knowledge base, which supports high-quality innovation [6, 9].

Finally, EWB mediates the effect of CL on both KSB and EIB. Employees who are satisfied with their work environment are more responsive to coaching, willing to share knowledge, and motivated to innovate. This finding aligns with Khoreva and Wechtler [48], who argue that HR practices aimed at skill development and opportunities reduce stress and improve employees' work-life quality. Physical well-being enhances the effectiveness of these practices, promoting role performance. These results also support Wang *et al.* [37], showing that employee welfare encourages positive emotions, facilitating knowledge sharing and innovation through leader support.

Managerial practice and Theoretical implications and

The theoretical implications of this study suggest that CL is a significant driver of both KSB and employees' innovative behavior, though its influence is often mediated by employee well-being. These results highlight the central role of well-being in human resource management, demonstrating that fostering employees' satisfaction and fulfillment can be pivotal for promoting knowledge sharing and innovation within organizations.

This research advances leadership theory by emphasizing that CL is not only about achieving organizational outcomes but also about enhancing EWB as part of performance management. Effective CL should, therefore, account for its indirect effects on employee behavior through well-being. The findings further indicate that while CL can directly promote knowledge sharing, it does not necessarily have a direct impact on innovative behavior, offering a nuanced perspective on leadership outcomes.

From a practical standpoint, the study offers several managerial recommendations. Bank leaders and managers should focus on strengthening their coaching abilities. To facilitate this, banks are encouraged to implement structured coaching training programs for managers at various levels. Integrating coaching into the leadership framework can be achieved by embedding coaching competencies in selection processes, professional development programs, and performance evaluations. During recruitment, organizations can use coaching assessments to identify managerial candidates with mentoring potential. Developmental initiatives, such as targeted training sessions, can enhance managers' coaching capabilities. Performance evaluations should incorporate CL principles into KPIs and employ 360-degree feedback systems to provide a comprehensive assessment of managerial effectiveness [23].

Additionally, employee well-being should be prioritized by policymakers and organizational leaders, as it directly influences positive behaviors and mediates the effects of CL on both knowledge sharing and innovation. Bank managers should address both physical and psychological employee needs by

providing competitive compensation, benefits, additional leave, transportation, housing support, and other essential facilities. Knowledge sharing, in turn, facilitates innovative behavior. To maintain a competitive advantage, organizations should cultivate a culture that encourages the exchange of knowledge. Assigning meaningful and challenging tasks can stimulate innovation, while recognition and rewards for employees who demonstrate creativity and actively share their knowledge and skills can reinforce this behavior. By valuing both innovation and collaboration, organizations can enhance employee motivation, productivity, and overall organizational performance.

Limitations and Future Research Directions

This study was carried out in two large banks in Jakarta, Indonesia, with 181 participants. While the research sheds light on how CL influences employees' innovative behavior and knowledge-sharing practices, several limitations should be acknowledged. One major limitation is the relatively small sample drawn from only two banks within a single city. This narrow scope may not capture the full diversity of the banking sector or other industries in Indonesia, potentially limiting the generalizability of the results. In addition, using convenience sampling introduces the possibility of selection bias, as respondents who voluntarily participate are often more engaged or interested in the topic. Consequently, employees who are less motivated or have limited time may be underrepresented, which can affect the external validity of the findings.

Methodological issues also present challenges. The Harman's single-factor test was close to the 50% threshold (49.4%), and the CLF test revealed standardized loading differences exceeding 0.20 for several items. These outcomes likely stem from the exclusive use of self-report surveys, the cross-sectional design, and uniform questionnaire formats, which could introduce perceptual bias among respondents. Nevertheless, the marker variable test using gender showed minimal effects on correlations between constructs, suggesting that common method bias does not significantly compromise the study's validity. Future research could reduce such biases by combining different data collection methods or utilizing multiple data sources.

To enhance representativeness, subsequent studies should adopt more structured sampling techniques and engage a broader pool of participants. Expanding the sample to include employees from various banks—both public and private—as well as other industries would produce more comprehensive and generalizable results. Conducting similar research in different countries or regions within Asia could also provide valuable insights into how CL is perceived and applied in diverse cultural and organizational settings.

Another limitation is the study's focus on the Indonesian context. Although the findings offer meaningful insights, they may not translate directly to other cultures or organizational environments with distinct norms and practices. Research across multiple cultural contexts would help determine whether the effects of CL on employee behavior are consistent or vary depending on local conditions.

Moreover, although this study contributes to understanding CL, this leadership style remains relatively underexplored compared to others, particularly in Asia. Future investigations should examine CL's influence on additional dimensions of employee behavior, including job satisfaction, organizational commitment, and engagement. Exploring these relationships would provide a more holistic understanding of how CL impacts employee well-being and overall performance.

In conclusion, future research should adopt a broader and more diverse approach when examining CL. This includes using larger, more representative samples, incorporating different cultural and organizational contexts, and assessing a wider array of employee outcomes. Such efforts will deepen the understanding of CL's effectiveness and guide the development of sustainable leadership strategies applicable across sectors and regions.

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