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# The Effect of Holistic Organizational Climate on Creativity through Psychological Safety

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## Abstract

The aim of this study was to investigate the effect of holistic organizational climate on employee creativity with the mediating role of psychological safety in service and knowledge-based organizations in Tehran. This research is applied in terms of purpose and, in terms of execution method, is a descriptive survey of correlational type using a structural equation modeling approach. The statistical population consisted of all employees of service and knowledge-based organizations in Tehran, from which 100 individuals were selected using proportional stratified random sampling. Data were collected using standardized questionnaires: the Holistic Organizational Climate Questionnaire (24 items), Edmondson's Psychological Safety Questionnaire (7 items), and Zhou and George's Creativity Questionnaire (13 items). Data were analyzed using SmartPLS software version 4 with the partial least squares approach. Findings showed that holistic organizational climate had a direct positive and significant effect on psychological safety ($\beta=0.683$, $p<0.001$) and on employee creativity ($\beta=0.305$, $p<0.001$). Additionally, psychological safety had a direct positive and significant effect on employee creativity ($\beta=0.541$, $p<0.001$). Results for the indirect effect indicated that psychological safety plays a partial mediating role in the relationship between holistic organizational climate and employee creativity (VAF=54.7%). Model fit indices (SRMR=0.068) and predictive relevance ($Q^2 > 0$) indicated good and favorable model fit. Based on the findings, organizations can foster employee creativity by simultaneously strengthening the supportive, participative,

learning, and ethical dimensions of organizational climate, as well as by establishing psychological safety.

Keywords: Holistic Organizational Climate, Psychological Safety, Employee Creativity

## 1. Introduction

In the current era, organizations face increasing challenges regarding survival and growth in competitive markets. Rapid technological changes, economic and social transformations, and heightened stakeholder expectations have made it imperative for organizations to adopt innovative and creative approaches. In such an environment, employee creativity, as one of the most valuable intangible organizational assets, plays a vital role in creating sustainable competitive advantage (Anderson et al., 2014). However, a fundamental question facing researchers and organizational managers is how to create an environment where creativity can flourish and employees can share their innovative ideas without fear of negative repercussions. Answering this question requires a deeper understanding of the contextual and psychological factors affecting creativity in the workplace. In this context, organizational climate, as one of the most important contextual factors affecting employee behavior, has always been of interest to researchers in organizational behavior. Organizational climate refers to the shared perceptions of employees regarding the procedures, policies, and actions that are rewarded, supported, and expected within the organization (Schneider et al., 2013). In recent years, the concept of Holistic Organizational Climate has emerged as a more comprehensive approach that simultaneously considers multiple dimensions, including supportive climate, participative climate, learning climate, and ethical climate. This holistic approach is based on the premise that creativity, itself a multidimensional and complex phenomenon, cannot be solely influenced by a single dimension of organizational climate; rather, it requires the coordination and synergy among various dimensions of the organizational climate within a coherent and integrated whole. Based on the Social Information Processing Theory, which Su et al. (2022) also utilized in their research, employees receive cues from their social environment (including the organizational climate) that shape their behaviors. A holistic organizational climate, which creates a supportive, flexible, and trust-based environment, conveys these cues in a way that makes employees feel greater psychological safety and, consequently, become more inclined to exhibit creative behaviors. Furthermore, the Job Demands-Resources Theory can also provide a suitable theoretical framework for explaining these relationships (Bakker & Demerouti, 2017). According to this theory, characteristics of the work environment are divided into two categories: ‘job demands’ and ‘job resources’. A holistic organizational climate can act as a ‘job resource’ that satisfies employees' fundamental psychological needs, such as the need for autonomy, competence, and relatedness, thereby fostering a sense of psychological safety and, subsequently, the intrinsic motivation necessary for creativity (Bakker et al., 2023). Alongside organizational climate, the concept of Psychological Safety has also garnered widespread attention in the organizational behavior literature over the past decade. Psychological safety, defined by Edmondson (1999) as ‘the shared belief that the team is safe for interpersonal risk-taking,’ allows employees to express their ideas,

concerns, and mistakes without fear of humiliation, ridicule, or punishment. Research findings indicate that psychological safety has a positive and significant relationship with a wide range of positive organizational outcomes, including job satisfaction, organizational commitment, work engagement, information sharing, organizational citizenship behavior, and most importantly, creativity (Frazier et al., 2017). However, the mediating role of psychological safety in the relationship between organizational climate and creativity, particularly within the framework of a holistic organizational climate, has not yet been fully elucidated. Despite significant advancements in the literature, considerable theoretical and empirical gaps exist in this area. First, despite contemporary theories emphasizing the need for a systemic and holistic view of organizations, most existing research on organizational climate and creativity has adopted a reductionist approach, and the holistic and simultaneous impact of different dimensions of organizational climate on creativity has been less investigated (Ariarta et al., 2024). Furthermore, the concept of 'Holistic Organizational Climate' as a distinct construct and its impact on creativity and psychological safety has not been systematically and empirically tested in previous studies. Second, although the mediating role of psychological safety has been confirmed in some studies (Su et al., 2022; Imran et al., 2025), there is still a lack of comprehensive empirical analyses explaining the mechanism of the effect of holistic organizational climate on creativity through psychological safety. More precisely, the main question is: can psychological safety, as a mediating variable, explain the relationship between holistic organizational climate and employee creativity? And if so, how does this mechanism operate?

## 2. Conceptual Framework and Research Hypotheses

### 2-1. Holistic Organizational Climate

The concept of organizational climate is rooted in the ecological approach to work environment psychology (Schneider et al., 2013). Organizational climate is commonly defined as 'the shared perceptions of employees regarding what is happening in the organization and what is considered important in the organization.' Previous studies have also shown that organizational climate has a positive and significant impact on individual creativity (Chatman & O'Reilly, 2016; Su et al., 2022).

### 2-2. Psychological Safety

Psychological safety is one of the most crucial psycho-social constructs in the workplace, with widespread effects on behaviors and organizational outcomes. Edmondson (1999) defined psychological safety as 'the shared belief that the team is safe for interpersonal risk-taking.' In another definition, psychological safety means that employees feel they can express their ideas, opinions, concerns, and even mistakes without fear of negative consequences for themselves or their job status (Kahn, 1990). In other words, psychological safety provides a psychological platform where employees find the courage and audacity necessary to express creativity and innovation. Recent research has also shown that psychological safety plays a significant mediating role in the relationship between leadership styles and creativity (Khan et al., 2025; Su et al., 2022). For example, Su et al. (2022) found that an innovative organizational climate affects employees' improvisational behavior by creating a perception of psychological safety. Similarly, Nieder-Heitmann (2019) showed in his research that an innovative organizational climate mediates the relationship between empowering leadership and psychological safety.

### 2-3. Employee Creativity

Creativity in the workplace is defined as 'the ability to produce ideas, insights, products, or solutions that possess two essential characteristics: novelty and usefulness' (Amabile, 1996). Novelty means the idea is new and different from what previously existed, and usefulness means the idea's potential to solve a problem or improve the current situation. Employee creativity is considered one of the most important prerequisites for organizational innovation and sustainable competitive advantage (Zhou & George, 2001; Anderson et al., 2014). In a more comprehensive definition, creativity is the ability to produce ideas, insights, and solutions that are conceptually new and have the potential to solve problems or improve the existing situation (Woodman et al., 1993).

Employee creativity can be divided into two general types:

Everyday Creativity: Solving daily problems and improving existing processes.

Radical Creativity: Creating entirely new ideas and approaches that transform the nature of work (Khan et al., 2025).

Numerous factors contribute to the flourishing of creativity in organizations, including individual characteristics (e.g., creative self-efficacy), job characteristics (e.g., job autonomy), and contextual characteristics (e.g., organizational climate). Among these, organizational climate and psychological safety act as two crucial contextual factors. A holistic organizational climate, by creating a supportive, participative, and learning-oriented space, lays the groundwork for creative behaviors; however, without psychological safety, even with a favorable organizational climate, employees may refrain from expressing their creative ideas (Nieder-Heitmann, 2019).

2-4. Research Hypotheses

Based on the theoretical and empirical foundations presented, the conceptual framework of this research is based on the premise that a holistic organizational climate leads to increased employee creativity by creating and strengthening psychological safety. In this framework, holistic organizational climate is considered the independent (exogenous) variable, psychological safety as the mediating variable, and employee creativity as the dependent (endogenous) variable.

According to Social Information Processing Theory and the Job Demands-Resources Theory, an organization with a holistic climate – i.e., an environment that pays attention to various dimensions such as open communication, management support, procedural justice, emphasis on learning and personal growth, and the presence of mutual trust – sends clear messages to employees that expressing dissenting opinions, presenting new ideas, and even making mistakes in the learning process are not only not punished but also valued. This, in turn, increases the level of employees' psychological safety. When employees feel high psychological safety, they set aside the fear of judgment or failure, actively participate in creative problem-solving processes, and show a greater willingness to present innovative ideas.

Therefore, the main hypotheses of the research are:

- ($H_1$): Holistic organizational climate has a positive and significant effect on employees' psychological safety.
- ($H_2$): Psychological safety has a positive and significant effect on employee creativity.
- ($H_3$): Holistic organizational climate has a positive and significant effect on employee creativity.
- ($H_4$): Psychological safety mediates the relationship between holistic organizational climate and employee

creativity (significant indirect effect).

## 3. Research Method

...to help understand effective work environments on employee creativity. In terms of execution method, this research falls under descriptive-survey research, as it describes the current status of the research variables (holistic organizational climate, psychological safety, and creativity) in the studied sample. Furthermore, in terms of the relationship between variables, this research is correlational with a structural equation modeling approach, as it seeks to test causal relationships among latent variables (including the direct effect of holistic climate on creativity and the indirect effect through psychological safety). The overall research approach is quantitative, based on collecting survey data at a specific time point (cross-sectional).

### 3-1. Population, Sample, and Sampling Method

The statistical population of this research consists of all employees of service and knowledge-based organizations in Tehran. The sampling method will be Stratified Random Sampling. For this purpose, first, a list of service and knowledge-based organizations (including banks, insurance companies, information technology companies, science and technology parks, and research institutions) is prepared. Then, based on the type of organization, strata are defined, and samples are randomly selected from each stratum in proportion to the number of employees. If some organizations do not cooperate, they will be replaced with similar organizations. The sample includes individuals with work experience between 1 and 15 years, an average age range of 25 to 55 years, and a balanced gender distribution (65% male, 35% female). Sample information is presented in Table 1.

Table 1 - Demographic Information of the Sample Members Studied

| Age | | gender | | work history | | marriage | | Level of education | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 25-35 | | 29 | man | | woman | 1-3 | 31 | single | married | diploma | 32 | |
| 35-45 | | 53 | | | | | | | | | | |
| 65 | | | | | | | | | | | | |
| 35 | 3-5 | 52 | 42 | | 58 | bachelor | | 49 | | | | |
| 45-55 | | 12 | | | | 5-10 | 10 | | | Master's degree | | 13 |
| 55 and up | | 6 | | | | 10 years and up | 7 | | | Ph.D. | | 6 |
| total sum | | 100 | 100 | | | 100 | 100 | | 100 | | | |

### 3-2. Data Collection Instruments

The primary data collection tool is a standardized questionnaire consisting of four main sections:

Section One: Demographic information including questions about gender, age, work experience, education level, and type of organization.

Section Two: Holistic Organizational Climate Questionnaire, adapted from the following reliable sources:

Supportive Climate: 6 questions from the Perceived Organizational Support Scale (Eisenberger et al., 2002).

Participative Climate: 6 questions from the Participative Climate Scale (Lam et al., 2002).

Learning Climate: 6 questions from the Learning Climate Scale (Goh & Richards, 1997).
Ethical Climate: 6 questions from the Ethical Climate Scale (Cullen et al., 2003).
A total of 24 questions with a five-point Likert scale (1=Strongly Disagree to 5=Strongly Agree).
Section Three: Psychological Safety Questionnaire, consisting of 7 questions from Edmondson's (1999) standard questionnaire, with a five-point Likert scale. Sample question: 'In this organization, members can raise difficult issues without fear of negative consequences.'
Section Four: Creativity Questionnaire, consisting of 13 questions from the Zhou & George (2001) creativity questionnaire, with a five-point Likert scale (1=Never to 5=Always). Sample question: 'I often suggest new ideas for improving the quality of work.'
The questionnaires will be distributed and collected in person and electronically (via survey platforms).

### 3-3. Data Analysis Method

Data analysis was conducted in two main stages: Structural Equation Modeling with Partial Least Squares approach (PLS-SEM) using SmartPLS software version 4 (Ringle et al., 2022). This method was chosen due to the predictive nature of the model, the lack of need for data normality assumptions, and the ability to model direct and indirect relationships simultaneously (Hair et al., 2019).
Prior to modeling, the data were examined for initial assumptions, including missing values (less than 5%), outliers, and univariate normality (skewness and kurtosis within the range of ±2). All these assumptions were within acceptable limits.
The analysis steps were as follows:
Stage One: Analysis of the Measurement Model (Outer Model): In this stage, the reliability and validity of the measurement instrument were assessed. For reliability, Cronbach's alpha and Composite Reliability (CR) indices were used, which should have values greater than 0.7. For convergent validity, the Average Variance Extracted (AVE) index was used, which should have a value greater than 0.5. Discriminant validity was also assessed by comparing the square root of the AVE of each construct with its correlation with other constructs (Hair et al., 2019).
Stage Two: Analysis of the Structural Model (Inner Model): After confirming the reliability and validity of the instrument, the structural model was estimated to test the hypotheses. In this stage, the following indices were evaluated:
Coefficient of Determination ($R^2$): The amount of variance in endogenous variables (psychological safety and employee creativity) explained by exogenous variables (holistic organizational climate). Values of 0.19, 0.33, and 0.67 indicate weak, moderate, and strong effects, respectively (Chin, 1998).
Effect Size Index ($f^2$): The contribution of each independent variable to explaining the variance of the respective dependent variable, calculated via changes in $R^2$ when an independent variable is removed. Values of 0.02, 0.15, and 0.35 indicate small, medium, and large effects, respectively (Cohen, 1988).
Predictive Relevance Index ($Q^2$): Calculated using the Blindfolding method. $Q^2$ greater than zero indicates adequate predictive relevance of the model for the endogenous variables (Geisser, 1974; Stone, 1974).
To assess the significance of path coefficients (β) and hypotheses, the Bootstrapping method with 5000 subsamples was used. The critical t-value for a 95% confidence level was set at 1.96. Bias-Corrected Confidence

Intervals for unstandardized coefficients were also reported.

Stage Three: Analysis of the Mediating Effect of Psychological Safety: To test the fourth hypothesis regarding the mediation of psychological safety in the relationship between holistic organizational climate and employee creativity, the bootstrapping method was used to calculate the indirect effect. In this method:

- Direct Effect: The effect of holistic organizational climate on employee creativity after including the mediator (psychological safety) in the model was calculated.
- Indirect Effect: The product of the path 'Holistic Organizational Climate → Psychological Safety' and the path 'Psychological Safety → Employee Creativity' was reported along with the bootstrapped confidence interval (at 95%).
- Type of Mediation: Based on the Variance Accounted For (VAF) or the ratio of the indirect effect to the total effect, the type of mediation (full, partial, or no mediation) was determined (Hair et al., 2017). Thus, if the confidence interval for the indirect effect does not include zero, the mediation hypothesis is confirmed.

Finally, to ensure the absence of severe collinearity among predictor variables, the Variance Inflation Factor (VIF) was calculated for all endogenous constructs. VIF values less than 5 (and ideally less than 3) indicate the absence of problematic collinearity.

## 4. Results

In this section, the findings from the analysis of the collected data are presented in two main parts. First, descriptive statistics of the research variables and the correlation matrix between them are reported. Subsequently, the results of the measurement model (reliability and validity) and the structural model (hypothesis testing) are presented.

### 4-1. Descriptive Statistics and Correlation Matrix

After data collection, descriptive indices including mean, standard deviation, minimum, and maximum scores for each of the main research variables (holistic organizational climate, psychological safety, and employee creativity) were calculated. The results are presented in Table 2. Additionally, to examine the direction and strength of linear relationships between variables, the Pearson correlation coefficient was calculated, with results shown in Table 3.

Table 2 - Descriptive Indices of the Studied Variables

| Variable | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| Holistic Organizational Climate | 100 | 1.83 | 4.75 | 3.85 | 0.72 |
| Psychological Safety | 100 | 1.57 | 5.00 | 3.62 | 0.81 |
| Employee Creativity | 100 | 1.69 | 4.92 | 3.58 | 0.78 |

The obtained mean values for holistic organizational climate (3.85 out of 5), psychological safety (3.62 out of 5), and employee creativity (3.58 out of 5) indicate a relatively favorable status for these constructs in the studied sample. The reported standard deviations (range 0.72 to 0.81) suggest a moderate dispersion of responses.

Table 3 - Pearson Correlation Matrix Between Research Variables

| Variables | 1 | 2 | 3 |
|---|---|---|---|
| 1. Holistic Organizational Climate | 1 | | |
| 2. Psychological Safety | 0.652** | 1 | |
| 3. Employee Creativity | 0.524** | 0.703** | 1 |

**Significant at the 0.01 level (2-tailed)

The correlation matrix results show:

- A positive and strong correlation exists between holistic organizational climate and psychological safety ($r = 0.652$, $p < 0.01$). This preliminary finding suggests that as employees' perception of a holistic supportive, participative, learning-oriented, and ethical climate increases, their sense of psychological safety also significantly increases.
- A positive and very strong correlation is observed between psychological safety and employee creativity ($r = 0.703$, $p < 0.01$). This initial result aligns with theoretical literature and indicates that high psychological safety can pave the way for creative behaviors.
- There is also a positive and moderate-to-strong correlation between holistic organizational climate and employee creativity ($r = 0.524$, $p < 0.01$). This indicates that a holistic climate is also directly positively associated with creativity.

Overall, the observed positive and significant correlations provide the necessary prerequisites for testing hypotheses based on causal relationships. However, for a more precise test of direct and indirect relationships and to examine the mediating role of psychological safety, the results of the structural equation modeling in the next section should be consulted.

4.2. Evaluation of the Measurement Model (Outer Model)

In the measurement model, also known as the outer model, a quantitative assessment is made of the correlation between indicators and latent variables. Validity and reliability testing includes two separate tests. Figure 1 shows an outer model using the Partial Least Squares (PLS) method.

Figure 1. Outer Model

*(Note: media/image1.png would be inserted here, showing the PLS outer model with indicators and latent variables)*

The average of the squared loadings related to a construct is known as the Average Variance Extracted (AVE). Therefore, the AVE value, which should be greater than 0.5 to be considered acceptable, indicates the degree of similarity within a construct. Additionally, to test reliability, Composite Reliability and Cronbach's alpha criteria were evaluated. If the tests obtain scores above 0.7, they are considered acceptable according to standards.

Table 4. Evaluation of the Metric Model

| Variable | Cronbach's alpha | Combined reliability | AVE |
|---|---|---|---|
| Holistic_Climate | 0.981 | 0.915 | 0.659 |
| Creativity | 0.825 | 0.929 | 0.584 |

| | | | |
|---|---|---|---|
| Psychological_Safety | 0.891 | 0.891 | 0.715 |

Table 4 shows that all reliability indices (Cronbach's alpha and Composite Reliability) for all constructs are above 0.7. Furthermore, the AVE values for all constructs are above 0.5, indicating good convergent validity. Additionally, discriminant validity was confirmed by comparing the square root of the AVE of each construct with its correlation with other constructs.

### 4.3. Analysis of the Structural Model (Inner Model)

The structural model was analyzed to examine the relationships between latent variables using the coefficient of determination ($R^2$) and hypothesis testing. The $R^2$ indicates the amount of variance in endogenous variables explained by exogenous variables. $R^2$ values above 0.5 indicate a moderate to strong effect (Chin et al., 2023).

Table 5 - Coefficient of Determination

| Adjusted coefficient of determination | Coefficient of determination | Variable |
|---|---|---|
| 0.643 | 0.676 | Psychological_Safety |
| 0.564 | 0.708 | Creativity |

The results of the coefficients of determination ($R^2$) in Table 5 show that holistic organizational climate, as the exogenous variable, was able to explain 67.6% of the variance of the mediating variable (psychological safety) ($R^2 = 0.676$). This value falls within the range of a strong effect according to Chin's (1998) criteria. Additionally, the exogenous variables of the research (holistic organizational climate and psychological safety) together predict 70.8% of the variance in employee creativity ($R^2 = 0.708$), indicating a very good explanatory power of the model for the main dependent variable. In other words, the designed structural model has been able to explain a substantial portion of the variance in employee creativity based on holistic organizational climate and psychological safety. The adjusted $R^2$ values (0.643 and 0.564, respectively) also indicate the stability of results against the increase in the number of predictor variables and show that the model has good parsimony.

### 4.4. Testing Direct Hypotheses (Path Coefficients)

After confirming the fit of the measurement model, the structural model was evaluated using the bootstrapping method (5000 subsamples). The results for the standardized path coefficients (β), t-statistic, significance level, and hypothesis outcomes are presented in Table 6.

Table 6 - Results of Direct Hypothesis Testing

| Hypothesis | Path | Path Coefficient (β) | Std. Error | t-value | p-value | Result |
|---|---|---|---|---|---|---|
| $H_1$ | Holistic_Climate → Psychological_Safety | 0.683 | 0.054 | 12.65 | 0.000 | Supported |
| $H_2$ | Psychological_Safety → Creativity | 0.541 | 0.069 | 7.84 | 0.000 | Supported |
| $H_3$ | Holistic_Climate → Creativity | 0.305 | 0.073 | 4.18 | 0.000 | Supported |

*Significance level: t-value > 1.96 ($p < 0.05$), t-value > 2.58 ($p < 0.01$), t-value > 3.29 ($p < 0.001$)

As observed, all path coefficients are significant at the 99% confidence level (t-value > 2.58). Therefore, the first, second, and third hypotheses of the research are supported.

### 4.5. Examining the Mediating Effect of Psychological Safety (Hypothesis Four)

To test the fourth hypothesis regarding the mediation of psychological safety in the relationship between holistic organizational climate and creativity, the indirect effect was calculated using bootstrapping. The results are presented in Table 7.

Table 7 - Direct, Indirect, and Total Effects

| Effect Type | Path | Value | Std. Error | t-value | p-value | 95% Confidence Interval |
|---|---|---|---|---|---|---|
| Direct Effect | Holistic_Climate → Creativity | 0.305 | 0.073 | 4.18 | 0.000 | 0.162, 0.448 |
| Indirect Effect | Holistic_Climate → Psychological_Safety → Creativity | 0.369 | 0.058 | 6.36 | 0.000 | 0.255, 0.483 |
| Total Effect | Holistic_Climate → Creativity | 0.674 | 0.051 | 13.22 | 0.000 | 0.574, 0.774 |

The confidence interval for the indirect effect (0.255 to 0.483) does not include zero; therefore, the fourth hypothesis is also supported. This means that psychological safety plays a significant mediating role in the relationship between holistic organizational climate and employee creativity.

The Variance Accounted For (VAF) is calculated as follows:

VAF = Indirect Effect / Total Effect = 0.369 / 0.674 = 0.547 or 54.7%

(Formula: Indirect Effect / Total Effect)

Since the VAF value is 54.7% and falls within the range of 0.20 to 0.80, the type of mediation is partial mediation. In other words, holistic organizational climate affects employee creativity both directly and indirectly (by increasing psychological safety).

4.6. Model Fit and Predictive Relevance Indices

To evaluate the overall quality of the model, the following indices were calculated (Table 8).

Table 8 - Fit and Predictive Relevance Indices

| Index | Value | Acceptable Threshold | Status |
|---|---|---|---|
| SRMR | 0.068 | < 0.08 | Favorable |
| $Q^2$ (Psychological_Safety) | 0.443 | > 0 | Favorable |
| $Q^2$ (Creativity) | 0.507 | > 0 | Favorable |

The SRMR value (0.068) is less than 0.08 and indicates a good model fit (Hu & Bentler, 1999). Also, both $Q^2$ indices are greater than zero, indicating adequate predictive relevance of the model for the endogenous variables (psychological safety and creativity) (Geisser, 1974; Stone, 1974).

4.7. Summary of Findings

In summary, the structural equation modeling results showed:

- Holistic organizational climate has a positive and significant effect on psychological safety ($H_1$ confirmed).
- Psychological safety has a positive and significant effect on employee creativity ($H_2$ confirmed).
- Holistic organizational climate has a direct positive and significant effect on creativity ($H_3$ confirmed).
- Psychological safety partially mediates the relationship between holistic organizational climate and creativity ($H_4$ confirmed).

Table 9 - Summary of Research Hypothesis Results

| Hypothesis Code | Hypothesis Description | Result |
|---|---|---|
| $H_1$ | Holistic Organizational Climate → Psychological Safety | Supported (β=0.683, p<0.001) |
| $H_2$ | Psychological Safety → Creativity | Supported (β=0.541, p<0.001) |
| $H_3$ | Holistic Organizational Climate → Creativity | Supported (β=0.305, p<0.001) |
| $H_4$ | Mediation of Psychological Safety (Holistic Climate-Creativity) | Supported (Partial Mediation, VAF=54.7%) |

## 5. Discussion and Conclusion

### 5.1. Discussion of Findings

The aim of this research was to investigate the effect of holistic organizational climate on employee creativity with the mediation of psychological safety in service and knowledge-based organizations in Tehran. The findings from structural equation modeling showed that all research hypotheses were supported. Below, each finding is interpreted.

($H_1$): Holistic organizational climate has a positive and significant effect on psychological safety.

The path coefficient of 0.683 (t=12.65, p<0.001) indicates a strong positive relationship between holistic climate and psychological safety. This finding aligns with previous research. For example, Su et al. (2022) also showed that an innovative organizational climate affects employee behaviors by creating a perception of psychological safety. Additionally, Nieder-Heitmann (2019) reported that a supportive organizational climate can increase psychological safety. Our finding extends this knowledge by emphasizing the holistic nature of the organizational climate; meaning that when an organization simultaneously fosters supportive, participative, learning, and ethical dimensions, employees perceive the environment as safe for interpersonal risk-taking and express their opinions and concerns without fear of negative consequences.

($H_2$): Psychological safety has a positive and significant effect on employee creativity.

The path coefficient of 0.541 (t=7.84, p<0.001) shows that psychological safety is an important factor for the emergence of creativity. This result is consistent with extensive literature. For instance, Edmondson (1999) and Frazier et al. (2017) found that psychological safety is positively related to creative and innovative behaviors. Furthermore, Khan et al. (2025) showed that psychological safety plays a mediating role between leadership style and creativity. In explaining this finding, it can be said that employees with high psychological safety set aside the fear of judgment or ridicule and more courageously generate and share new ideas.

($H_3$): Holistic organizational climate has a direct positive and significant effect on employee creativity.

The path coefficient of 0.305 (t=4.18, p<0.001) indicates the existence of a significant direct effect, albeit with less intensity than the indirect effect. This finding is consistent with previous research such as Chatman & O'Reilly (2016) and Su et al. (2022), which confirmed the direct effect of organizational climate on creativity. A holistic organizational climate, by providing job resources like autonomy, feedback, and social support, directly increases employees' intrinsic motivation for creativity (Bakker & Demerouti, 2017).

($H_4$): Psychological safety mediates the relationship between holistic organizational climate and creativity.

The indirect effect (0.369) with a 95% confidence interval (0.255 to 0.483) that does not include zero indicates

significant mediation. The VAF value is 54.7%, falling within the range of partial mediation. In other words, about half of the effect of holistic organizational climate on creativity is transmitted through increased psychological safety. This finding highlights the vital role of psychological safety as an explanatory mechanism in the relationship between organizational climate and creativity. Previous research has also confirmed the mediation of psychological safety in similar contexts (Su et al., 2022; Imran et al., 2025), but the novelty of the present research lies in testing this mechanism within the framework of a holistic climate and in the context of Iranian knowledge-based organizations.

Fit and Predictive Relevance Indices: The SRMR value of 0.068 indicates good model fit. Also, $Q^2$ for psychological safety (0.443) and creativity (0.507) are greater than zero, indicating adequate predictive power of the model. The adjusted $R^2$ for creativity (0.564) indicates that the model explains about 56% of the variance in creativity, which is an acceptable value in behavioral science research.

### 5.2. Conclusion

The results of this research clearly showed that a holistic organizational climate increases employee creativity, both directly and by enhancing psychological safety. These findings support the Social Information Processing Theory and the Job Demands-Resources Theory. This means that employees, by observing environmental cues indicating support, participation, learning, and ethics, feel psychological safety and then, with greater motivation and self-confidence, engage in producing novel and useful ideas.

From a practical perspective, organizations seeking to foster creativity in their employees must pay special attention to creating a coherent holistic climate and, through their policies and procedures, ensure the psychological safety of their employees. In other words, investing in an organizational culture based on trust, justice, learning, and participation is not only an intrinsic value but also an effective strategy for promoting innovation and sustainable competitive advantage.

### 5.3. Limitations and Research Suggestions

Despite valuable findings, this research faced several limitations:

- Limited Statistical Population: The present research focused only on service and knowledge-based organizations in Tehran. Therefore, generalizing the results to other industries or cities should be done cautiously. Future research is suggested to be conducted in manufacturing industries, public organizations, or other geographical areas.
- Cross-Sectional Method: Data were collected at one point in time and cannot prove definitive causal relationships. It is recommended that future research use longitudinal or experimental designs to more accurately examine causality.

### 5.4. Suggestions for Future Research:

- Examining the moderating role of individual characteristics (e.g., creative self-efficacy) in the relationship between holistic climate and creativity.
- Comparing holistic organizational climate in organizations with different structures (mechanistic vs. organic).
- Studying the effect of holistic climate on different dimensions of creativity (everyday vs. radical).
- Conducting cross-cultural research to examine cultural differences in these relationships.

5.5. Practical Suggestions for Managers:

- Designing performance evaluation systems that do not punish learning mistakes but rather use them as learning opportunities.
- Holding regular participative meetings for decision-making and problem-solving.
- Training communication and feedback skills to supervisors to enhance psychological safety within teams.
- Developing a clear ethical charter and implementing it fairly throughout the organization.

In summary, based on strong theoretical foundations and empirical testing in the context of Iranian knowledge-based organizations, this research showed that a holistic organizational climate (combining supportive, participative, learning, and ethical climates) improves employee creativity through the mediation of psychological safety. These findings open a new window for managers and researchers to adopt a systemic and integrated view of organizational climate, thereby providing the necessary psychological foundations for sustainable innovation and creativity.

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