



The impact of 4i of transformational leadership element and integrated innovation to employee performance with employee motivation as mediator

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ABSTRACT

This research examines transformational leadership 4i elements which are Idealized Influence, Inspirational Motivation, Intellectual Stimulation and Individualized Consideration combined with Integrated Innovation and their impact to organizational performance with motivation as moderator by using Bootstrapping-SEM. From the research result, all 4i of Transformational Leadership elements and Integrated Innovation give positive impact to motivation but only Idealized Influence and Inspirational Motivation significantly give positive impact to motivation, and motivation significantly give positive impact to organizational performance. Thus, for effective management, developing leadership qualities such as Idealized Influence and Inspirational Motivation is key in leading a more motivated employee and ultimately enhancing organizational productivity and performance.

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INTRODUCTION

Effective strategic management begins with a long-term vision of the organization that is broad, inclusive, and future-oriented. Vision drives an organization to achieve common goals, provides better direction, and serves as strategic plannings (Suranga, 2014). Within an organization, harmonization from all parties is necessary to achieve common goals. Based on the research on the (Khan et al., 2020), to achieve good performance, motivation from each individual is required. Motivation within followers can stem from a positive work environment because it can make followers happier and more focused (Shaikh & Udin, 2022). A conducive, supportive work environment, and good relationships will support employee performance. Employee performance refers to the actions taken by employees in carrying out their duties and responsibilities, as well as other factors that can influence employees and the extent to which employees respond positively to

achieve organizational goals (Piccolo et al., 2010). Six factors, including quality, quantity, timeliness, effectiveness, independence, and job dedication, are used to gauge employee success. In order to improve employee performance, leadership is needed that will determine the measurable level of employee satisfaction, commitment, and performance (Mahdinezhad et al., 2017). To create motivation and improve employee performance, it is influenced by the role of leadership. Leadership in organizations can be influenced by culture and value systems (Cote, 2023). Good leadership will be able to effectively determine the direction and coordination of organizational activities, so that the organization can have synergistic performance to achieve common goals (Landry, 2019; Su & Baird, 2017).

The leadership style that is considered to bring a lot of success to organizations is the transformational leadership style (Agarwal, 2020). The approach of transformational leadership involves inspiring, building trust, motivating, appreciating innovative ideas, and developing the abilities of followers (Shaikh & Udin, 2022). Transformational leadership has four main components: **(i)** Idealized influence, where the leader acts as a role model who can provide inspiration, admiration, respect, and trust by team members and/or the organization (Darwis & Djajadiningrat, 2010; Nyokabi et al., 2017). To establish a company's culture and inspire employee dedication to the organization's aims and vision, leaders must uphold moral and ethical standards (Kariuki, 2021). **(ii)** The ability of the leader to inspire and motivate their people by outlining the company's vision, mission, and goals is referred to as inspirational motivation. This enhances positive emotions and intrinsic motivation (Rafferty & Griffin, 2004). **(iii)** Intellectual stimulation involves leaders developing their followers' abilities to design effective, adaptive plans and to cope with various obstacles (Bednall et al., 2018). As a result, followers will feel motivated to be proactive in carrying out their tasks (Nguyen et al., 2019). **(iv)** Individualized consideration, a leader can take into account the needs, desires, values, and abilities of each individual (Dr. Syed Haider Khalil & Shehnaz Sahibzadah, 2021). A better level of trust in the leader results from taking into account individual requirements (Ogola et al., 2017). Leaders provide empathy, support, and maintain open communication among team members, can reward individual contributions in the team, creating a willingness and aspiration for self-development (*Transformational Leadership*, n.d.).

Transformational leadership in the technological and digital era includes not only these four components but also an additional component called "integrated innovation," which is also referred to as "digital transformational leadership." This means that leaders must be capable of developing the business environment and adding value. Digital transformational leadership requires resilience and adaptability to rapid changes in order to enhance innovation and organizational performance in a competitive environment (Arif, 2018; Koske & Munjuri, 2023). Integrated innovation in a digital context implies that leaders must understand technological advancements and encourage teams to think creatively, seek new solutions, and create innovation. Leaders must also be prepared to address organizational changes and overcome potential obstacles (Ardi et al., 2020).

In this research, the author aims to examine how leaders with characteristics of transformational leadership altogether with innovation spirit can influence employee motivation, which ultimately affects employee performance. Similar research only examines the 4i of transformational leadership or 4i of transformational leadership with other variable but not innovation spirit. Theoretically, this research will provoke further study about innovation and its influence to leadership style as well as its implications to organization effectiveness. Practically, the findings of this study will help company to be more effective while facing with leadership variables and innovation changes. This study focuses on private sector employees in the Jakarta, Bogor, Depok, Tangerang, and Bekasi (Jabodetabek) area.

RESEARCH METHOD

This study is both descriptive and quantitative. The effects of transformational leadership and integrated innovation on employee performance by mediating employee innovation were investigated by surveying the workforce in the cities of Jabodetabek as well as a sample of employees in the private sector. The survey was conducted by collecting data using online questionnaires, where the items were adopted and modified through previous research. Transformational leadership questionnaire adopted from (Bell III et al., 2016), (Rezazadeh & Azizi, 2012) the integrated innovation adopted from (Conger & Kanungo, 1988), (Tichy & Devanna, n.d.), the employee motivation adopted from (Afandi, 2018), and the employee performance adopted from (Robbins et al., 2017). The list of questions provided for the questionnaires was distributed online to private sector employee’s respondent domiciled at Jabodetabek cities. A non-probability sampling strategy was used to select 100 respondents for the sample test for this study. Using the SmartPLS 4.0 software, the Partial Least Squares analytical method was applied in this investigation. The research model can be seen in Figure 1.

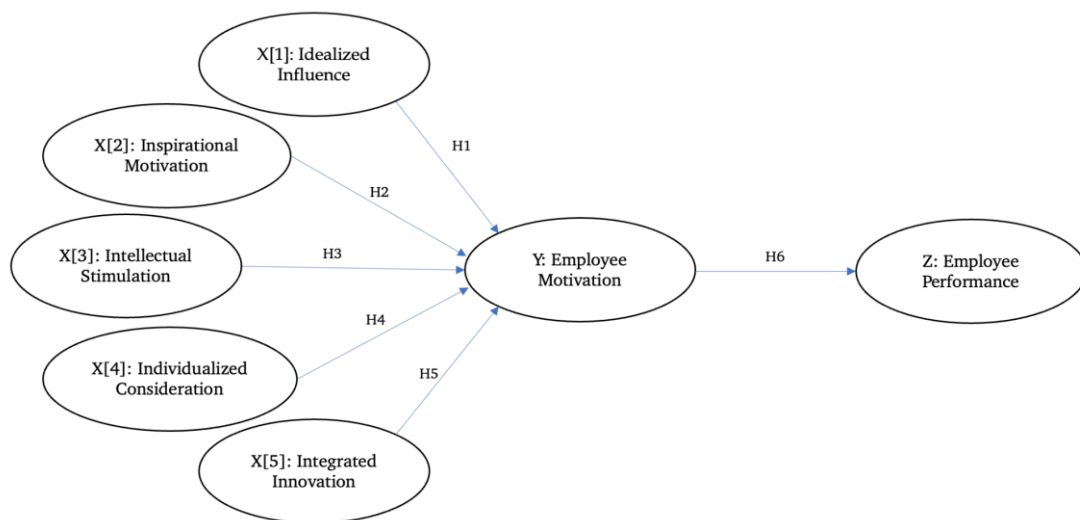


Figure 1: Illustration of the Research Model

Figure 1 illustrate the model of the research, the hypotheses which will be tested:

- H1: Idealized Influence of a leader has a significant effect on employee motivation.
- H2: Inspirational Motivation of a leader has a significant effect on employee motivation.
- H3: Intellectual Stimulation of a leader has a significant effect on employee motivation.
- H4: Individualized Consideration of a leader has a significant effect on employee motivation.
- H5: Integrated Innovation of a leader has a significant effect on employee motivation.
- H6: Employee Motivation has a significant effect on employee performance.

The details of the variables can be seen in Table 1.

Table 1. Data Variable Type			
Variable Name	Variable Indicator	Variable Type	Variable Category
Z = Employee Performance	EP1. Quality & quantity of work. EP2. Depth knowledge of work. EP3. Employee cooperation. EP4. Employee attendance. EP5. Initiative related to work.	Dependent Variable	Interval

Y = Employee Motivation	EM1. Compensation received. EM2. Opportunities for self-development. EM3. Physical needs fulfilment. EM4. Feeling appreciated. EM5. Meaningful work concept.	Mediating Variable	Interval
X [1] = Idealized Influence	II1. Others are proud to be associated with them. II2. Moving beyond individual interests in favour of the group. II3. Earn the respect of others via deeds. II4 discusses the most crucial values and beliefs.	Independent Variable	Interval
X [2] = Inspirational Motivation	II5. Consider moral & ethical consequences. IM1. Optimists about the future. IM2. Talks about positive future possibilities.	Independent Variable	Interval
X [3] = Intellectual Stimulation	IM3. Emphasizing foresight importance. IM4. Talks about things that should be done IM5. Gives hopes about achievable goals.	Independent Variable	Interval
X [4] = Individualized Consideration	IS1. Careful examination of decision. IS2: Encourages others to approach issues from a variety of perspectives. IS3. Re-examines appropriate critical assumptions. IS4. Seeks other perspectives for solving problems.	Independent Variable	Interval
X [5] = Integrated Innovation	IS5. Suggests new ways to complete assignments. IC1. Allocates training time for subordinates. IC2. Willing to give guidance for the teams. IC3. Treating team members as a person. IC4. Help others develop capabilities. IC5. Consider people with different needs, abilities, and creativities. IO1. Changing familiar ways of doing things. IO2. Uses unconventional strategies. IO3. Recognizes the need for change. IO4. Manages the process of transitions. IO5. Destroys old ways of life and make ways for the new one.	Independent Variable	Interval

Table 1 shows the variables details such as the supported indicators of the variables and the types and categories of each variable.

RESULTS AND DISCUSSIONS

A total of 100 respondents from private sector enterprises in the Jabodetabek area provided data for this study can be seen in Table 2.

Table 2. Characteristics of respondent

Profile	Characteristics	Frequency	Profile	Characteristics	Frequency
Gender	Male	47	Age	<26 years old	45
	Female	53		26-35 years old	36
				36-45 years old	13
				>45 years old	6
Working Period	<1 year	11	City	Jakarta	59
	1-5 years	56		Bogor	6
	6-10 years	13		Depok	7
	11-15 years	12		Tangerang	25
	>15 years	8		Bekasi	3

Table 2 show the details characteristics of the respondents' data.

The results of the data processing using SmartPLS software and structural equation modelling are shown in Figure 2, Table 3, Table 4, and Table 5.

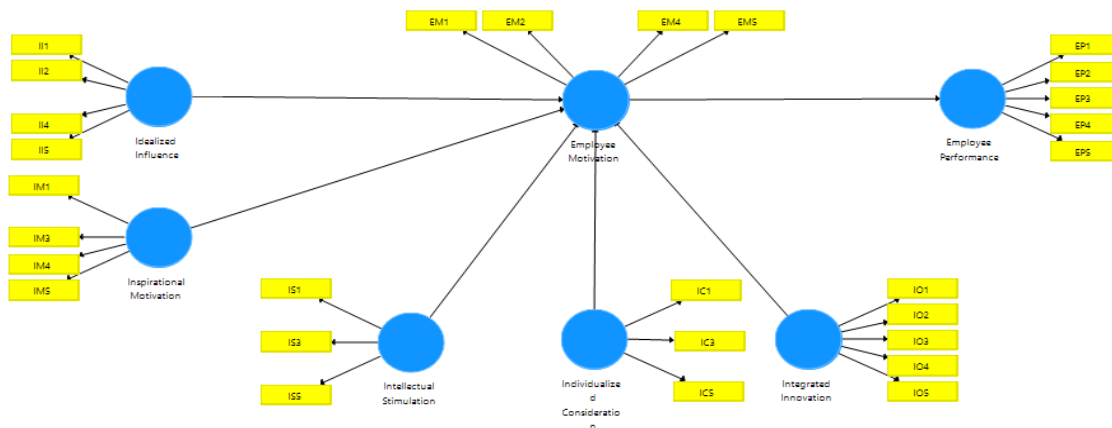


Figure 2. The SEM result of the Research Model

Figure 2 shows the SEM result of each indicator and each variable of the research model.

Table 3. Validity and reliability result

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Employee Motivation	0.905	0.906	0.934	0.779
Employee Performance	0.887	0.892	0.917	0.690
Idealized Influence	0.902	0.902	0.931	0.773
Individualized Consideration	0.876	0.879	0.923	0.801
Inspirational Motivation	0.918	0.919	0.942	0.803
Integrated Innovation	0.922	0.923	0.942	0.763
Intellectual Stimulation	0.853	0.855	0.911	0.774

The model's Validity Test and Reliability Test are displayed in Table 3. All variables have AVE > 0.5, this proof all variables are valid. All variables also have Cronbach's Alpha > 0.6, this proof all variables are reliable.

Table 4. Outer loadings indicators test result

No	Variable	Indicator	Loading	Valid/Not Valid
1	Idealized Influence	II3: Earn the respect of others via deeds	-0.028	Not Valid
2	Inspirational Motivation	IM4: Talks about things that should be done	-0.120	Not Valid
3	Intellectual Stimulation	IS2: Encourages others to approach issues from a variety of perspectives.	0.070	Not Valid
		IS4: Seeks other perspectives for solving problems	0.090	Not Valid
4	Individualized Consideration	IC2: Willing to give guidance for the teams	-0.201	Not Valid
		IC4: Help others develop capabilities	-0.121	Not Valid
5	Employee Motivation	EM3: Physical needs fulfilment	-0.068	Not Valid

All the indicators outer loadings value fulfils the minimum value of 0.8 except 7 indicators which can be seen in Table 4.

Table 5. Bootstrapping

	Original Sample (O)	P Values
Idealized Influence to Employee Motivation (H1)	0.316	0.0020
Inspirational Motivation to Employee Motivation (H2)	0.285	0.0140
Intellectual Stimulation to Employee Motivation (H3)	0.122	0.2800
Individualized Consideration to Employee Motivation (H4)	0.149	0.1620
Integrated Innovation to Employee Motivation (H5)	0.106	0.3430
Employee Motivation to Employee Performance (H6)	0.658	0.0000

From the Bootstrapping – SEM process on Table 5, we can conclude that: Accept H1, reject H0: Employee motivation is significantly impacted by a leader's idealized influence. Employee motivation is positively affected by idealized influence 0.316. Accept H2, reject H0: Employee motivation is significantly impacted by a leader's inspirational motivation. Employee motivation is positively impacted by inspirational motivation by 0.285. Accept H0, reject H3: There is no statistically significant connection between a leader's intellectual stimulation and staff motivation. Employee motivation is positively impacted by intellectual stimulation by 0.122. Accept H0, reject H4: There is no statistically significant difference between individual consideration of a leader and staff motivation. Employee motivation is positively impacted by individualized consideration by 0.149. Accept H0, reject H5: Statistically, a leader's integrated innovation has no discernible impact on workforce motivation. Employee motivation is positively affected by integrated innovation by 0.106. Accept H6, reject H0: Worker motivation has a big impact on productivity.

In conclusion, employee motivation has a score of 0.658, significant and favourable impact on worker performance. Individualized influence, which comes under the leadership category, has a big and powerful impact on employee motivation, with a score of 0.316, followed by inspirational motivation, with a score of 0.285. However, there is a beneficial impact of score of 0.2800 from intellectual stimulation on worker performance. Individualized consideration has a somewhat positive score 0.1620 influence on worker performance. Although it does not significantly affect employee performance, integrated innovation does have a favourable impact of a score of 0.3430.

In other previously research shows all of the 4i elements of transformational leadership gave impact to employee motivation, but in this research, since the 4i elements of transformational leadership combines with innovation variables, only idealized influenced and inspirational motivation gave impact to employee motivation and employee motivation furthermore gave impact to employee performance.

CONCLUSION

The Idealized Influence of a leader significantly increases staff motivation by 0.316. This indicates that a leader can greatly improve staff motivation within the organization by using Idealized Influence. Employee motivation is significantly positively impacted by a leader's inspirational motivation by 0.285. This emphasizes that employees' motivation is strongly influenced by a leader's capacity to inspire and motivate them. Employee motivation is not much impacted by a leader's intellectual stimulation. Although the effect is positive (0.122), it is not statistically significant. This indicates that, despite the fact that leaders may promote innovation and creative thinking, these actions have little impact on staff motivation. Despite a favourable effect of 0.149, individualized consideration by a leader does not significantly affect employee motivation. This shows that a leader's individualized treatment of their team members has little effect on how motivated they are. Despite a favourable effect of 0.149, individualized consideration by a leader does not significantly affect employee motivation. This shows that a leader's individualized treatment of their team members has little effect on how motivated they are. Employee motivation is significantly positively impacted by a leader's integrated innovation (0.106). The employment of integrated innovation by leaders nevertheless has a favourable effect on staff motivation, even though it is less powerful than idealized influence and inspirational motivation. Last but not least, the research demonstrates that regarding the relationship between employee motivation and performance, we can accept Hypothesis 6 (H6) and reject Hypothesis 0 (H0). This indicates that employee motivation has a big impact on how well they work. In other words, employees tend to perform better within the organization when they are more motivated.

This research gave a fresh perspective about transformational leadership combined with innovation variable, in which shows idealized influenced and inspirational motivation matter most to employee motivation, and motivation gave impactful influence to employee performance. This gives feedback to the company, in order to success, company must put attention to these variables.

Some limitations of this research: convenience sampling is the sample technique used in this study, which offers useful insights into the connections between different qualities of leadership, employee motivation, and organizational performance. Using more targeted sampling methods with a more scientific quantity of sample will sharpen the research results. Since this research also uses limited numbers of indicators in order to simplify the research (this simplicity may reduce the depth and precision in explaining the relationships among the variables), for future research more indicators can be used to get a better understanding of the relationships among variables. While this research has considered several relevant variables, there may still be other unconsidered factors that could influence employee motivation and organizational performance but not included in this research. Improvement in such limitations will improve the research in the future.

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