

Ethical Leadership and Employee Innovative Work Behavior: The Role of Thriving at Work as a Mediation Variable

Supriandi^a, Adi Rahmat^{a,*}, Adolf Bastian^a

^aDepartment of Management, Graduate Program, Universitas Lancang Kuning, Indonesia.

ABSTRACT

The purpose of this study was to determine the effect of ethical leadership on innovative work behavior of employees with thriving at work as a mediating variable. The population is the State Civil Apparatus of Indragiri Hilir Regency with a sample of 130 people. Data collection techniques using questionnaires and distribution using Google Sheets. Technical analysis of the data in this study is Structural Equation Modeling (SEM) using WarpPLS 7.0 for data processing. The findings of this study are that ethical leadership has an impact on the innovative work behavior of ASN in the Indragiri Hilir Regency government. Ethical leadership affects the thriving at work of ASN in the Indragiri Hilir Regency Government. Thriving at work has an effect on the innovative work behavior of ASN in the Indragiri Hilir Regency Government. Ethical leadership affects the innovative work behavior of ASN in the Indragiri Hilir Regency Government through thriving at work.

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Introduction

Currently ethical leadership is an interesting topic to discuss in the academic and business communities which is an independent and relatively new leadership style (Iqbal et al., 2020) to provide support to employees to increase their productivity. On the other hand, if the leader is unethical, the company will not only incur substantial costs from a financial perspective but also a social and human perspective (Zahra, 2017 in Iqbal et al., 2020). In an ever-changing economy and in today's era of disruption, leaders must be innovative in order for their companies to gain a sustainable competitive advantage. This leadership must encourage creative and innovative work behavior in employees, which has been closely related to ethical leadership (Zahra, 2017; Dhar, 2016 and Duan et al., 2018 in Iqbal et al., 2020). The ability to innovate and change is a very important factor in survival and growth and contributes to the success of an organization (Iqbal et al., 2020). Without innovation, it is almost certain that a business or organization will fail (Cole, 2019 in Etikariena, 2020). Tsai and Tseng (2010) in Etikariena (2020) state that the basis of organizational change as well as innovation in organizations is innovative behavior carried out by employees. Lack of research on ethical leadership associated with innovation (De Jong & Den Hartog, 2007), there are only a few

* CORRESPONDING AUTHOR. Email: adirahmat@unilak.ac.id

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Organizations aspire to maintain a competitive advantage. For optimal results, companies need to find the most suitable employees for the right jobs. But to find suitable people and bring out their full potential is a big challenge for organizations. Past research has identified certain personality traits, psychological states, and individual attitudes that have been shown to be associated with the development of employees within an organization and their IWB (Iqbal et al., 2020). Spreitzer and colleagues in (Iqbal et al., 2020) define thriving at work as an individual experience characterized by psychological states of learning and vitality. According to the authors, vitality is a sense of positive energy and a feeling of being alive, and learning refers to the feeling that skills and knowledge are acquired. Developing individuals enable organizations to compete effectively in the marketplace (ted a. Paterson, 2014) in (Iqbal et al., 2020), to achieve competitive advantage, and to maintain sustainable performance (Spreitzer, 2011 in Iqbal et al., (2020). Self-developed individuals are a source of competitive advantage based on their innate capacity to manage stress and depression (Iqbal et al., 2020). A thriving workforce also leads to positive organizational outcomes such as job satisfaction and organizational commitment (Iqbal et al., 2020). et al., 2020).

Based on the problems that have been described, this study asks the question whether ethical leadership has an effect on employees' innovative work behavior? if so, does thriving at work mediate the relationship between ethical leadership

Theoretical support

Social Exchange Theory

In this study, the underlying theoretical basis is the exchange theory presented by Blau in 1964. The social exchange discussed is a theory that explains how individual employees complement each other. Exchange relationships with other people will produce a reward for us. Social exchange theory sees behavior and the environment as a mutually influencing relationship. This exchange theory itself is more ecological in nature where there is an environmental influence on the behavior of factors and the influence of actors on the environment. (Mighfar, 2015). This theory is the root of the exchange theory called behaviorism, where this relationship is the basis of the operant condition (Ritzer, George and Douglas, 2004) in (Mighfar, 2015). The Social Exchange point of view argues that people calculate the overall value of a relationship by subtracting the sacrifices from the rewards received (Mighfar, 2015).

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Thriving at Work

Thriving at work is a kind of growth gauge that gives an individual a sense of how the individual is doing in terms of developing new skills and working with energy (Kark and Carmeli, 2009; Porath et al., 2012 in Riaz et al., 2018). The main components in thriving at work are vitality and learning, if someone has vitality but no learning then the person has not developed, and vice versa if someone is learning but does not have enthusiasm/spirit and feels tired then the person does not develop at all (Porath et al. al., 2012).

Innovative Work Behavior

Messman (2012) said that innovative work behavior is the sum of physical and cognitive work activities carried out by employees in the context of their work, either alone or in groups to achieve a set of tasks required for the purpose of developing innovation. From the worker's point of view, the effectiveness of employees' innovative work behavior is related to the

observations of workers in anticipating work problems and the response of colleagues to alternative solutions proposed (De Jong & Hartog 2010). Based on the above definition, it can be concluded that innovative work behavior is individual work behavior that goes through the process of generating new ideas to generate, introduce and implement new ideas that are beneficial for both individuals and companies.

Research method

This research is quantitative research with causality research design. According to Anwar Sanusi (2016), causality research design is a research design that is structured to examine the possibility of causality between variables. The design of causality research is considered appropriate for this study because causality research is used to understand which variables influence (independent variable) and which variables are the result (dependent variable), as well as to determine the relationship between independent and dependent variables in this study. This research was conducted in Indragiri Hilir Regency. In this study, the size of the sample is adjusted to the analytical model used is the Structural Equation Model (SEM). In this regard, the sample size for SEM using the maximum likelihood estimation (MLE) model is 100-200 samples (Ghozali, 2008). According to Hair et al, (2017) suggesting that determining the number of representative samples depends on the number of indicators multiplied by 5 to 10, the number of samples in this study are:

$$\begin{aligned}\text{Sample} &= \text{Number of Indicators} \times 10 \\ &= 26 \times 5 \\ &= 130\end{aligned}$$

Based on the above calculation, the minimum sample size was obtained using 130 respondents.

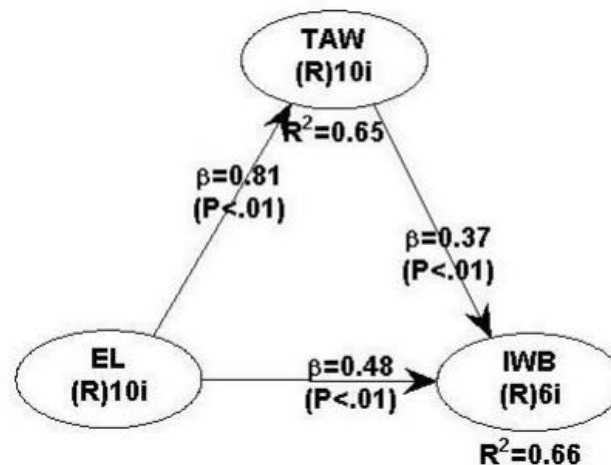
Results

Inner Model Analysis

This study will explain the results of the path coefficient test, goodness of fit test and hypothesis testing. Path coefficient evaluation is used to show how strong the effect or influence of the independent variable on the dependent variable. While the coefficient determination (R-Square) is used to measure how much the endogenous variables are influenced by other variables.

Uji Path Coefficient

Chin said the results of R² of 0.67 and above for endogenous latent variables in the structural model indicate the effect of exogenous variables (which affect) on endogenous variables (which are affected) is included in the good category. Meanwhile, if the result is 0.33 – 0.67 then it is included in the medium category, and if the result is 0.19 – 0.33 then it is included in the weak category. In this study, R² is 0.65 and 0.66 which are in the medium category.



Picture 1. Research Model Results

Based on the inner model scheme that has been shown in the picture above, it can be explained that the path coefficient value of the influence of ethical leadership on employee innovative work behavior is 0.48, the effect of thriving at work on employee innovative work behavior is 0.37 and the effect of thriving at work on employee behavior. employee innovative work is 0.37. Based on the description of these results, it shows that all variables in this model have a path coefficient with a positive number. This shows that the greater the path coefficient value on one independent variable on the dependent variable, the stronger the influence between the independent variables on the dependent variable.

Hypothesis testing

To see whether a hypothesis can be accepted or rejected, one of them is with a significance value or p value 5%. Look at the direction of the beta coefficient (β), which is positive or negative and match the alternative hypothesis.

1) The Influence of Ethical Leadership on Employee Innovative Work Behavior

The first hypothesis examines whether ethical leadership has a positive and significant effect on employees' innovative work behavior. From these results, it is stated that ethical leadership has a beta coefficient of 0.481 and p value <0.001 on innovative work behavior. The value of the beta coefficient with a positive direction and with a P-value < of 0.05 (significant) indicates that ethical leadership has a positive and significant effect on employee innovative work behavior (hypothesis 1 is accepted).

2) The Effect of Ethical Leadership on Thriving at Work

The second hypothesis examines whether ethical leadership has a positive and significant effect on thriving at work. From these results, it is stated that ethical leadership has a beta coefficient of 0.806 and p value <0.001 on thriving at work. The value of the beta coefficient in a positive direction and with a P-value < 0.05 (significant) indicates that ethical leadership has a positive and significant effect on thriving at work (hypothesis 2 is accepted).

3) The Influence of Thriving at Work on Employees' Innovative Work Behavior

The second hypothesis examines whether thriving at work has a positive and significant effect on employees' innovative work behavior. From these results, it is stated that thriving at work has a beta coefficient of 0.370 and p value < 0.001 on employee innovative work behavior. The value of the beta coefficient in a positive direction and with a P-value < 0.05 (significant) indicates that thriving at work has a positive and significant effect on employee innovative work behavior (hypothesis 3 is accepted).

4) The Influence of Ethical Leadership on Employees' Innovative Work Behavior through Thriving at Work

The fourth hypothesis examines whether ethical leadership has a positive and significant effect on employees' innovative work behavior through thriving at work. From these results it is stated that ethical leadership has a beta coefficient of 0.298 and p value < 0.001 on innovative work behavior of employees through thriving at work. The value of the beta coefficient in a positive direction and with a P-value < 0.05 (significant) indicates that ethical leadership has a positive and significant effect on employee innovative work behavior through thriving at work (hypothesis 4 is accepted).

Discussions

Theoretical Implications

This study examines mediating variables that are outside the literature on the mechanisms underlying the process of the relationship between ethical leadership and employee innovative work behavior. In particular, this study investigates the mechanism of thriving at work in the workplace in the ethical leadership function. The findings clearly show that ethical leadership has a positive effect on employees' innovative work behavior. In addition, the results of this study also show that the influence of ethical leadership on employees' innovative work behavior is fully mediated by thriving at work.

Ethical Leadership and Employee Innovative Work Behavior

The positive results of this study indicate that ethical leadership in the organization can influence the innovative behavior of employees towards the organization because ethical leaders behave as role models by demonstrating moral and ethical practices so as to inspire followers towards positive attitudes and behaviors. An ethical leader also motivates his employees to adapt to change and be innovative in the workplace. These results are consistent with research conducted by Etikariena (2020) with the results that ethical leadership is one of the sources that influence employee innovative work behavior and is supported by Yidong and Xinxin (2013) with the finding that ethical leadership both at the individual and group levels is positively related with employee innovative work behavior. Research by Dhar (2016) also supports that ethical leadership is related and can directly influence employee innovative work behavior and research conducted by Tayyasar (2017).

Thriving at Work Mechanism

Thriving at work is a psychological state, in which the individual experiences two feelings, namely learning and vitality, simultaneously. Positive research results between the effect of thriving at work on employee innovative work behavior are supported by Carmeli and Spreitzer (2009) and Ghulam Abid (2015) in their research finding that thriving at work increases innovative work behavior in employees. Thriving at work which consists of learning and vitality, in Kark and Carmeli's research in Iqbal et al.,(2020) found that vitality encourages creativity in employees. Vitality implies the activation of positive, mental energy that enhances the cognitive capacities needed to achieve effective and creative outcomes. (Iqbal et al., 2020).

Managerial Implications

Besides having theoretical implications, this research also has some practical (managerial) contributions or implications. The findings of this study provide useful insights for organizational leaders to design strategies in an effort to increase affective commitment.

Conclusion

This research provides a valuable contribution to the study of management, particularly in the study of the topics of leadership, organizational behavior and human resource management. This study is an attempt to examine how the ethical leadership that exists in the government of Indragiri Hilir Regency affects thriving at work and has an impact on employee innovative behavior. It also seeks to ascertain the effect of the mediating role of thriving at work. The findings of this study can also provide input to the organization's management in designing strategies to prevent the weakening of employees' innovative work behavior to the organization. The results of the study also provide additional support regarding the importance of the function of ethical leadership in organizations to shape positive innovative work behavior of employees. Finally, the current research is expected to be a catalyst in paying more attention to future studies from academics and practitioners in explaining the function of ethical leadership and innovative behavior of employees in the workplace. In the ethical leadership variable, there are still low leaders who ask for advice from their subordinates. It is important for a leader to be democratic and involve every employee to contribute to decision-making and the achievement of organizational goals. Suggestions from researchers for leaders in an organization must be more democratic, in terms of making decisions jointly between leaders and subordinates and the freedom to express employee opinions freely in accordance with applicable norms. In the thriving at work variable, the low willingness to learn shows the low motivation of employees in the organization. Low motivation can have a negative impact on employee innovative work behavior. Suggestions from researchers to increase employee motivation are: (1) creating a positive work environment in the organization, (2) giving appreciation for achievements to employees, (3) paying attention to employee welfare and (4) giving trust and respect to employees. In the variable of employee innovative work behavior, the low level of innovation and creative ideas brought by employees in the workplace shows

the low level of creativity possessed by employees. Suggestions from researchers to improve employee creativity is the work culture or organizational culture. Work culture is an aspect that can be borrowed from the private sector to support the creativity of ASN without compromising the communication norms and workflows currently in effect in the government sector. The work culture program needs to get support from the leadership and is associated with awards or incentives as a motivation for all ASN to increase morale and not view work culture as just an activity that is only a formality. Further research can use other variables in determining employee innovative work behavior such as choosing an attitude towards performing well, distributive justice, and corporate social responsibility. For the next population, they can use Generation Z ASN, because in the future it will be dominated by Generation Z.

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Disclosure statement

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