

# Mediation of Psychological Capital in the Relationship of Altruistic Leadership and Employee Innovative Behavior

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## ABSTRACT

This research was conducted at the ASN of the Department of Industry, Trade, Cooperatives, Small and Medium Enterprises of Riau Province with the aim of examining the influence of altruistic leadership on innovative behavior of employees with psychological capital as mediation. The sample determination method used in this study was systematic sampling, based on the Krejcie and Morgan (1979) table, with N = 216 (rounded to 220), so the total sample was 140 people. Analysis of the research data used descriptive statistics and verification analysis, as an analytical tool used the Structural Equational Model which was processed with SmartPLS2 Software. The results of the analysis prove that altruistic leadership has a significant positive effect on employee innovative work behavior, psychological capital has a significant positive effect on employee innovative work behavior, and psychological capital is able to mediate the effect of altruistic leadership on employee innovative work behavior.

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## ARTICLE HISTORY

Received 2 January 2023  
Revised 12 January 2023  
Accepted 28 January 2023

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## KEYWORDS

Mediation, Psychological  
Capital, Altruistic Leadership

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## Introduction

Leadership gradually influences the work life of employees (Qian et al., 2018) and is seen as an important Social and Situational factor influencing employee responses at work (Williams et al., 2010; Nguyen et al., 2016; Wang et al., 2018 a). Innovation requires support from a leader. In line with the view that leaders are one of the most important factors in encouraging innovative behavior, this means that leadership style significantly influences employee innovative behavior (Engle, et al., 2017).

Various studies consider trust and a high level of concern among organizational members as essential to enable knowledge creation, and recognize the role of leaders in driving innovation values (Gagne, 2009). Leaders who demonstrate selfless concern for the welfare of others, or who seek the good of others even to their own detriment, are likely to produce an environment of cooperation and trust in which it is easier to learn, experiment, participate, discuss, and take risks (Mallén, et al., 2015).

Social exchange theory supports the relationship between altruistic leadership and innovative behavior (Cropanzano and Mitchell, 2005). Social exchange relationships are based on a relationship of trust with the expectation of future rewards for contributions (Blau, 1964 in Salas Vallina, et al., 2018). The basic assumption of this theory is that individuals engage in social interactions because they believe they can benefit from the exchange of rewards.

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Employees led by altruistic leaders may be more likely to engage in innovative behaviors that enhance current work methods. As a result because altruistic leaders clearly focus on people, they look after their followers, and create a positive climate, so that beneficial relationships between employees emerge. Employees appreciate the fact that their leaders take them into account, and they return this positive contribution to the organization (Salas Vallina et al., 2018; Weng, et al., 2015). Based on the study of social exchange theory above and the limited literature related to altruistic leadership and employee innovation behavior in relationship mechanisms that have not been well studied, and altruistic leadership as a new type of independent leadership that has not become the focus of academic interest, this study aims to investigate the relationship between altruistic leadership and innovative behavior.

Supporting the social exchange theory of Cropanzano and Mitchell, 2005), Janssen revealed that employees who feel treated with respect by the organization are more likely to bring added value and contribute new ideas at work (Janssen, 2004). Fair treatment is a consequence of the leader's altruistic behavior, which is characterized by empathy and strengthening emotional bonds with that person. In addition, the job-resource demands model (JD-R) argues that job resources, understood as physical or psychological resources, lead to positive attitudes and behaviors (Bakker AB, and Demerouti E. in Cooper C and Chen P, 2014).

The term "positive behavior" refers to the "Positive psychology" approach, which seeks to measure, develop, and manage people's strengths and core psychological meanings rather than focusing on their weaknesses. Psychological Capital or positive psychology can be defined as an examination of the process by which positive attitudes, feedback, criticism contribute to the functioning and development of individuals, groups or companies (Çavuş and Ayşe, 2014). In theory-based research, psychology is described as a "high-level core construct composed of four positive psychological sources" that defines features of psychological capital such as hope, resilience, self-efficacy, and optimism. It can be said that psychological capital is a combination of these four elements and as Hughes said that it can be "measured, developed and managed effectively" to improve performance (Çavuş and Ayşe, 2014).

There are inconsistencies in the results of previous research on the relationship between psychological capital and innovative work behavior. Nurtahja Moegni and Jovi Sulistiawan's (2012) study entitled *The Influence of Psychological Capital on Innovative Work Behavior: Moderation Effects of Perceived Procedural Fairness* states that psychological capital is proven to be insignificant in predicting innovative work behavior. Contrary to the research of Agnieszka Wojtczuk-Turek (2012), Ika Zenita Ratnaningsih, Anggun Resdasari Prasetyo, and Unika Prihatsanti (2016); Agus Purwanto, Masduki Asbari, Hartuti, Yuni Nuraeni Setiana, Khaerul Fahmi (2021) who emphasized that psychological capital is one of the main predictors of significant innovative work behavior. This difference indicates the appropriate relationship between the two variables for further research. Based on the explanation above, the authors intend to investigate the role of psychological capital in the relationship of altruistic leadership to employee innovative behavior, by conducting research entitled *MEDIATION OF*

## PSYCHOLOGICAL CAPITAL IN ALTRUISTIC LEADERSHIP RELATIONSHIPS AND EMPLOYEE INNOVATIVE BEHAVIOR.

### **Theoretical Support**

Altruistic leadership describes the character of leaders who often pay attention to the welfare of their subordinates, they position the interests of their subordinates above personal interests (Barbuto & Wheeler, 2006; Salas-Vallina et al., 2018). As measured by Barbuto & Wheeler, 2006 in Abdillah, et al. ., 2020).

Luthans, Youssef, & Avolio (2007) defines psychological capital as psychological development and positive individual circumstances that have the characteristics of self-confidence and abilities in order to complete work challenges that are obtained, possess and develop positive determination to achieve existing and future targets. , believe in hope within yourself and when experiencing difficulties or obstacles are able to survive then rise to achieve success. The overall psychological capital questionnaire can be measured using 24 items according to Luthans, Youssef, and Avolio (2007).

Innovative work behavior is defined as the creation, introduction, and implementation of new ideas or ideas in work, groups, or organizations to improve the performance of individual, group, or organizational roles (Janssen, 2000).

### **Research Method**

This study uses a quantitative method by explaining that the research paradigm emphasizes understanding of problems in social life based on the conditions of reality or natural settings that are holistic, complex and detailed. The nature of this research is descriptive and verificative, describing the characteristics of the variables studied and testing the truth of a hypothesis. This descriptive method examines the influence of altruistic leadership on innovative behavior of employees with psychological capital as mediation. The sample determination method used in this study was systematic sampling, based on the Krejcie and Morgan (1979) table, with N = 216 (rounded to 220), so the total sample was 140 people. An analysis of the verification method was carried out to test the hypothesis using a statistical test tool, namely Structural Equational Modeling (SEM) PLS (Uma Sekaran, 2006, in Handayani, 2020: 86).

### **Results**

#### ***Analisis PLS***

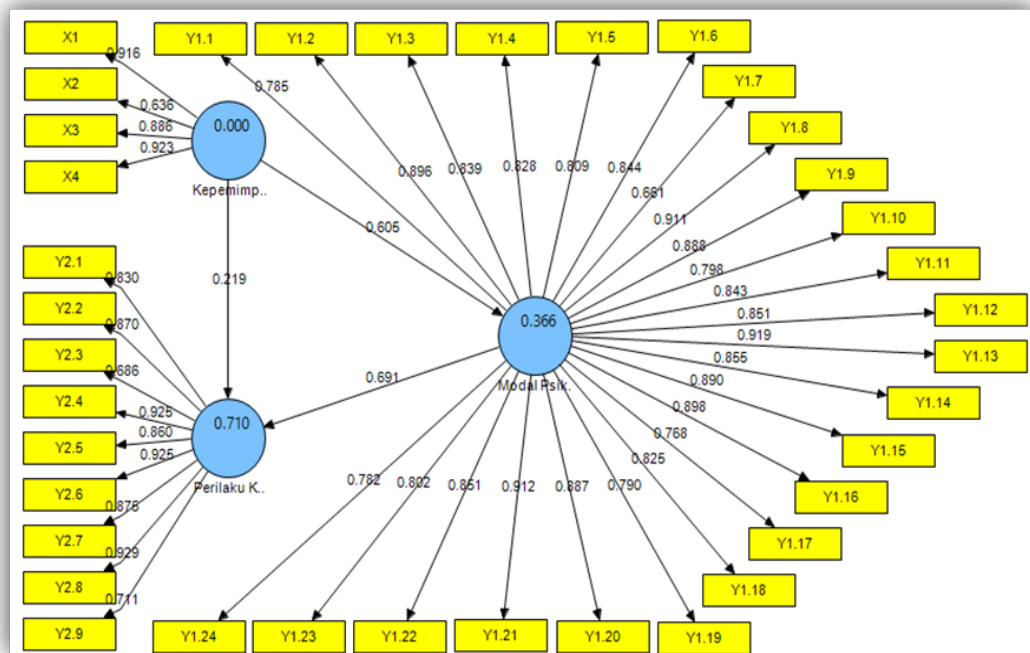


Figure 1. Path Charts

**Hasil Pengujian Hipotesis**

Tabel 1. Significance Test Results

Exogenous	Endogenous	Path Coefficient	Standard Error	T Statistics
Altruistic Leadership	Psychological Capital	0.605	0.074	8.201
Altruistic Leadership	Innovative Work Behavior	0.219	0.112	1.964
Psychological Capital	Innovative Work Behavior	0.691	0.109	6.329

Source: Primary Data Processed, 2022

1. The path coefficient for the relationship between altruistic leadership and psychological capital is 0.605 with a T statistic of 8.201. The test results show that the path coefficient is positive and the T statistics value is > 1.64. This shows that there is a positive and significant influence of altruistic leadership on psychological capital.
2. The path coefficient of the relationship between altruistic leadership and innovative work behavior is 0.219 with T statistics of 1.964. The test results show that the path coefficient is positive and the T statistics value is > 1.64. This shows that there is a positive and significant influence of altruistic leadership on innovative work behavior.
3. The path coefficient of the relationship between psychological capital on innovative work behavior is 0.691 with T statistics of 6.329. The test results show that the path coefficient is positive and the T statistics value is > 1.64. This shows that there is a positive and significant influence of psychological capital on innovative work behavior.

### Indirect Effect Testing

Table 2. Indirect Influence Test Results

Exogenous	Intervening	Endogenous	Indirect Coefficient	Standard Error	T Statistics
Altruistic Leadership	Psychological Capital	Innovative Work Behavior	0.418	0.083	5.011

Source: Primary Data Processed, 2022

Based on the tests listed in the table above, it can be seen that the effect of altruistic leadership on innovative work behavior through psychological capital is obtained by an indirect coefficient of 0.418 with a T statistic of 5.011. The test results show that the indirect coefficient is positive and T statistics > 1.64. This shows that there is a positive and significant influence of altruistic leadership on innovative work behavior through psychological capital. Therefore, psychological capital is said to be able to mediate the influence of altruistic leadership on innovative work behavior.

### Conversion of Path Diagrams into Structural Models

Table 3. Direct and Indirect Model Effects

Exogenous	Intervening	Endogenous	Coefficient	
			Direct	Indirect
Altruistic Leadership		Psychological Capital	0.605	
Altruistic Leadership	Psychological Capital	Innovative Behavior	0.219	0.418
Psychological Capital		Innovative Behavior	0.691	

Source: Primary Data Processed, 2022

Equation 1 :  $Y_1 = 0.605 X$

The direct effect coefficient of altruistic leadership on psychological capital is 0.605 indicating that altruistic leadership is positive and significant on psychological capital. This means that the more effective altruistic leadership tends to increase psychological capital.

Equation 2 :  $Y_2 = 0.219 X + 0.691 Y_1$

1. The direct effect coefficient of altruistic leadership on innovative work behavior is 0.219 indicating that altruistic leadership is positive and significant for innovative work behavior. This means that the more effective altruistic leadership tends to increase innovative work behavior.
2. The direct effect coefficient of psychological capital on innovative work behavior is 0.691 indicating that psychological capital is positive and significant for innovative work behavior. This means that the higher psychological capital tends to increase innovative work behavior.
3. The indirect effect coefficient of altruistic leadership on innovative work behavior through psychological capital is 0.418 indicating that altruistic leadership has a positive and significant effect on innovative work behavior through psychological capital. This means

that the higher the psychological capital caused by the more effective altruistic leadership, tends to increase innovative work behavior.

### **Dominant Influence**

Table 4. Dominant Influence

Exogenous	Endogenous	Total
Altruistic Leadership	Psychological Capital	0.605
Altruistic Leadership	Innovative Work Behavior	0.638
Psychological Capital	Innovative Work Behavior	0.691

Source: Primary Data Processed, 2022

The variable that has the largest total coefficient on innovative work behavior is psychological capital with a total coefficient of 0.691. Thus psychological capital is the most influential variable or has the most dominant influence on innovative work behavior.

### **Conclusion**

Altruistic leadership has a significant positive influence on employee innovative work behavior. Psychological capital has a significant positive effect on employee innovative work behavior. Psychological capital is able to mediate the influence of altruistic leadership on employee innovative work behavior. For all elements of the Department of Industry, Trade, Cooperatives, Small and Medium Enterprises of Riau Province, they must seek altruistic leadership and psychological capital to increase employee innovative work behavior. For further researchers, in order (1). Expanding the population and research sample used. The population and sample are used to see the performance of an organization in a more objective and comprehensive manner, so it is hoped that further research will choose a larger population in order to get better results. (2). Identify other factors that influence innovative work behavior.

### **Disclosure statement**

No potential conflict of interest was reported by the authors.

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