

Relationship between Work Ethic and Innovative Work Behavior Mediated by Person Organization Fit and Intrinsic Motivation on Banking Employees

Nizar Firman Syahputra^{1,*} Aryana Satrya²

^{1,2} Universitas Indonesia

*Corresponding author. Email: nizar.firman@ui.ac.id

ABSTRACT

Employees' innovative work behavior (IWB) contributes to organizational innovativeness in the form of new processes, products, and services. This study analyzes the relationship between work ethic with person organization fit and intrinsic motivation to provide insight into some of the factors that can influence banking employees' IWB. In banking sector, innovative behaviors are not easy to achieve. The regulation and limitation of resources are two of several reason of it. Considering by this, the research took place at banking sector, which is the subject is the banking employees. Total of 316 respondents took the questionnaire. Finding reveals that work ethic positively affect person organization fit and intrinsic motivation, also person organization fit and intrinsic motivation give positive impact to innovative work behaviour.

Keywords: *Work Ethic, Innovative Work Behavior, Person Organization Fit, Intrinsic Motivation.*

1. INTRODUCTION

Facing challenges, every company strives to create a good work environment. Resources have a role in shaping a dynamic environment for the company. A dynamic environment helps companies adapt to change. Companies and industries have a function to create a dynamic, changing, and unpredictable environment due to increased competition [1].

Companies and industries need innovation to face increasing business competition. Dynamic changes in global competition and increasing consumer demand for products and services, innovation is a necessity for any organization to survive [2]. Business and social environmental factors have a role to support innovation and implementation of new ideas [3]. Innovation is an important factor that can help organization to have a competitive advantage over its competitors, and create long term corporate sustainability [4]. Successful firms depend on their ability to innovate [5].

Banking sector is facing a fast growing digital economy. So it is important for banks to improve the ability of employees to innovate. In this era,

organizations need to innovative and creative to survive and be competitive to face the market [6]. Organizations tend towards human resources and seek to innovate work styles, methods, and operations that lead to productive results [7].

Banks need to make innovations to improve services for customers. In the banking sector, service is an important thing, where service is an important factor in banking business activities. Developing innovation requires the role of human resources or employees that are owned by the organization. Organizations need to pay adequate attention to employee creativity to produce innovation [8]. Organizational success in product, process, and service innovation, depends on developing employee creative ideas outside their minds [9].

Employee behavior has an important role for organizations to innovate. Employees' innovative work behavior (IWB) contributes to organizational innovativeness in the form of new processes, products, and services, and therefore it is worthwhile to examine motivational antecedents of employees' IWB [10]. Creating more effective and more efficient service innovations is an attempt to help organizations face

business challenges. Organization that seeks to encourage employees to behave in innovative way to provide services to consumers, will have an impact on increasing operational efficiency for providing services and increasing time efficiency for conducting transactions [11].

The behavior of banking employees cannot be separated from the ethics that must be the basis for their work. The existence of risks that are of concern to banking employees at work, it is necessary to apply work ethics when performing their duties. Work ethics has an important role in business, because employee behavior greatly contributes for organizational success in the global market [12]. Work ethics is needed for employees to help organizations do business and help employees mitigate risks in carrying out their duties and responsibilities. Work ethics is a good construct to increase employee motivation which can lead to increased performance, and leads to increased job satisfaction and employee commitment [13].

Afsar [14] suggests that a high person organization fit can influence employees to conduct behaviors that are beneficial to the company, and innovation is one of these behaviors. Employees are attracted to the organization when they feel their principles are compatible with the principles of the organization. The suitability of employees' values with the organization will help employees contribute to the organization more than employees who have different values with the organization [15]. So the suitability of employee values or employee principles with the organization is important in the organization's efforts to shape employee behavior.

Yuan [16] suggests that there is empirical support for relationships between intrinsic motivation and employee behavior. So that employee motivation has a role in helping the organization in shaping behavior. Employee behavior is a result of employee motivation that has been formed before. Intrinsic motivation refers to behavior that is inherently satisfying or enjoyable and non-instrumental, actions that are intrinsically motivated do not depend on outcomes that can be separated from the behavior itself [17]. Intrinsic motivation is developed because of the individual's personal interests that tend toward the given task, without external influence [6]. So that employee motivation is also an important aspect for shaping employee behavior that can help the organization grow.

Based on this introduction, the researcher wanted to find out how far work ethic had an effect on innovative work behavior through person organization fit and

intrinsic motivation as a mediator on the banking employees. The results obtained are expected to be able to measure the success of the institution that can be applied in other institutions in the territory of Indonesia.

2. STUDY METHODS

2.1. Population

The sample population of the study is people who work at the bank. In this case, the research took place of the banking company in Indonesia. In general, banking company in Indonesia has the same types of business, regulations and challenges in one industry, namely the Indonesian banking industry.

2.2. Data Description Sampling Procedure

The sampling used Non-Probability Sampling through purposive sampling technique at banking company in Indonesia. The use of purposive sampling is because the respondents in this study must be people who work as a banker at the banking company in Indonesia. Hair [18] states that for a minimum sample of 200, a standard maximum of 0.4 is sufficient. Based on this, the researcher took a sample of 316 respondents, so that this number met the requirements stated above.

2.3. Hypothesis

Based on the formulation of the problem and research objectives, the hypotheses that can be used in this study are as follows:

- H1: Work ethic has a positive effect on person organization fit
- H2: Work ethic has a positive effect on intrinsic motivation
- H3: Person organization fit has a positive effect on innovative work behavior
- H4: Intrinsic motivation has a positive effect on innovative work behavior

2.4. Measurement

In terms of methodology, researcher use SEM in processing respondent data. We measured work ethic with ten items from an inventory of Sharma [19]. For person organization fit with three items from Lauer [20], and intrinsic motivation with three items from Gagne [21]. All above items were measured with a seven-point Likert Scale anchored with strongly disagree (1) and strongly agree (7). Innovative work behavior with nine items from De Jong [22]. The measured was measured on seven-point Likert Scale anchored with never (1) and always (7).

The validity test was carried out using Lisrel. The items in the questionnaire are valid when they meet the loading factor of 0.5. The standard loading value can be identified from the observed variables to the latent variables. Reliability test is a test intended to test the consistency and stability of measuring instruments.

The questionnaire is declared reliable if it meets the requirements for the value of 0.6. The use of the Lisrel program used the composite reliability measure (CR) method and used variance extraction (VE). The questionnaire is declared reliable if the construct reliability (CR) more or equal to 0.70, and the variance extracted (VE) value has a standard value of 0.5. CR and VE values can be calculated using the following

$$\text{Construct Reliability} = \frac{(\sum \text{Standardized loading})^2}{(\sum \text{Standardized loading})^2 + \text{Error}}$$

$$\text{Variance Extracted} = \frac{(\sum \text{Standardized loading}^2)}{(\sum \text{Standardized loading}^2) + \text{Error}}$$

calculation formula:

The goodness of fit is a measure of how capable the model specifically produces a covariance matrix between variables. The goodness of fit is used to see if the research model fits with empirical data. The following table shows the goodness of fit criteria that are often used and their requirements.

Hypothesis testing is the final step in the quantitative analysis of this study. Verification of the hypothesis is carried out in two steps. The first step is to look at path analysis in structural model analysis. The analysis shows the level and direction (positive or negative) of the causal relationship between latent variables. The analysis functions almost the same as the beta coefficient in the regression. The second step is to see the significance or t value. The variable is accepted if the absolute number of t-value-is greater than or equal to 1.96.

Using a mediating variable, there are several provisions to be able to test the mediation hypothesis. The first provision is the relationship independent variable and mediation. The mediation and dependent variables must be significant where the t value greater than or equal to 1.96.

Furthermore, the second provision is the relationship between independent and dependent variable has a lower coefficient (partial mediation) or becomes insignificant (full mediation) after including the mediating variable.

3. ANALYSIS OF THE STUDY RESULT

3.1. SEM Validity and Reliability

The validity level of each indicator is indicated by the size of the loading factor using standardized solution estimates. An indicator is declared valid if the loading factor of an indicator is positive and is greater than 0.5.

The construct reliability test was carried out using Construct Reliability (CR) and Variance Extracted (VE). The test criterion states that if the Construct Reliability (CR) coefficient is ≥ 0.7 and Variance Extracted (VE) ≥ 0.5 , it means that the construct is reliable or the indicator is consistent in measuring the variables it measures. The results of reliability testing are shown in table 1.

3.2. Model Fit Analysis

Testing the fit / fit of the model (construct) is intended to determine the suitability of the construct. There are several test indices in SEM analysis, namely Root Mean Square of Approximation (RMSEA), *p-value*, Goodness-of A Fit A Index (GFI), Adjusted Goodness of Fit Index (AGFI), Normed Fit Index (NFI), Non Normed Fit Index F (NNFI), Chi Square, Comparative Fit Index (CFI), Incremental Fit Index (IFI), Relative Fit Index (RFI), Standardized Root Mean Square Residual (SRMR). To explain these qualifications, the results can be seen in table 2.

Hooper [23] explains that not all goodness of fit criteria must be met. Meanwhile, Hu [24] suggest a two-index rule that usually includes SRMR with NNFI, or RMSEA with CFI. These indices have been widely chosen in various studies because they are considered the least sensitive to sample size, model specification errors, and parameter estimation [23]. According to Hair [18], the results of the model fit test do not have to meet all the goodness of fit criteria, the use of 4 to 5 goodness of fit criteria can be considered sufficient to assess the suitability of a model. It concluded that model is still acceptable and fit for use.

3.3. Hypothesis Testing

This testing by looking at two aspects, namely the direction of the relationship between variables and the level of significance. Direction of the relationship between variables is seen through the path coefficient, that function is almost the same as the beta coefficient (β) in the regression. Level of significance determines whether the research hypothesis is supported or not. The

rule of significance is to be equal to or greater than (\geq) 1.96.

Based on the table presented (table 3), H1 is accepted. This is based on a t-value of 2,84. Which is the value greater than 1.96, so that the relationship between work ethic and person organization fit is significant. The path coefficient of work ethic to person organization fit is 0,58. These result indicate that relationship is positive and unidirectional. The second hypothesis (H2) in this study states that work ethic has a positive effect on intrinsic motivation. Based on the table presented (table 3), H2 is accepted. This is based on a t-value of 3,17. Which is the value greater than 1.96, so that the relationship between work ethic and intrinsic motivation is significant. The path coefficient of work ethic to intrinsic motivation is 0,65. These result indicate that the relationship of two variables is positive or unidirectional.

The third hypothesis (H3) in this study states that person organization fit has positive effect on innovative work behavior. Based on the table presented (table 3), H3 is accepted. This is based on a t-value of 2.05. Which is the value greater than 1.96, so that person organization fit and innovative work behaviour is significant relation? The path coefficient of person organization fit to innovative work behavior is 0.22. These results indicate that the relationship two variables is positive and unidirectional. The fourth hypothesis (H4) in this study states that intrinsic motivation has a positive effect on innovative work behavior. Based on the table presented (table 3), H4 is accepted. This is based on a t-value of 4,14. Which is the value greater than 1.96, so person organization fit and innovative work behavior is significant? The path coefficient of person organization fit to innovative work behaviour is 0,45. These results indicate that the relationship between these two variables is positive and unidirectional.

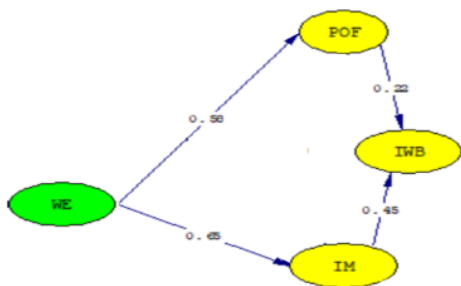


Figure 1. Path Coefficient

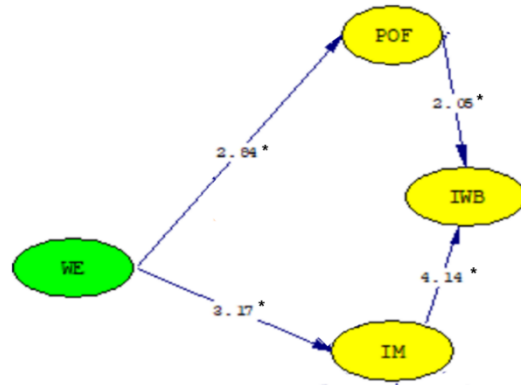


Figure 2. t-value

4. CONCLUSION

Work ethic has a positive effect on person organization fit. Every employee needs to have work ethic to work. The company really appreciates and expects every employee to have a high work ethic. Therefore, employees who have a work ethic, they fit on their organization. In addition, work ethics also has positive significant effect on intrinsic motivation. The higher the work ethic owned by employees, will affect their level of motivation. Intrinsic motivation refers to engaging in behaviors that are inherently satisfying or pleasurable [17]. The values of work ethics affect individual ethical reasoning by showing how companies act ethically based on objective realities in work situations [25].

Furthermore, innovative work behavior can be influenced by person organization fit and intrinsic motivation. This is because person organization fit has a positive and significant effect on innovative work behaviour. Employees show innovative work behavior only if they have a higher level of organizational fit for people [14]. So that organizations need to develop complete understanding of the relationship between innovative work behaviour and person organization fit [26].

There is empirical support for significant relationship of employees' intrinsic motivation and their innovative work behavior [16]. Research has proven the role of intrinsic motivation in predicting and facilitating innovation and innovative behavior [27]. In terms of innovative work behavior, intrinsic motivation has long been considered a key element for employee innovation [28]. Employees need motivation that will help them advance and drive the innovation process [29]. This explains that by taking advantage of employee

Table 1. SEM Validity and Reliability Result

Variable	Indicator	Loading Factor	Error	Explanation	CR	VE	Explanation
Work Ethic	B1	0.66	0.57	Valid	0.8986	0.5006	Reliable
	B2	0.59	0.65	Valid			
	B3	0.51	0.74	Valid			
	B4	0.50	0.75	Valid			
	B5	0.72	0.48	Valid			
	B6	0.73	0.47	Valid			
	B7	0.38	0.86	Not Valid			
	B8	0.64	0.59	Valid			
	B9	0.55	0.70	Valid			
	B10	0.60	0.64	Valid			
Person Organization Fit	C1	0.73	0.47	Valid	0.7926	0.6565	Reliable
	C2	0.75	0.44	Valid			
	C3	0.42	0.82	Not Valid			
Intrinsic Motivation	D1	0.81	0.34	Valid	0.9120	0.7772	Reliable
	D2	0.71	0.50	Valid			
	D3	0.91	0.17	Valid			
Innovative Work Behavior	E1	0.52	0.73	Valid	0.9471	0.6679	Reliable
	E2	0.70	0.51	Valid			
	E3	0.76	0.42	Valid			
	E4	0.74	0.46	Valid			
	E5	0.74	0.45	Valid			
	E6	0.76	0.42	Valid			
	E7	0.79	0.37	Valid			
	E8	0.79	0.38	Valid			
	E9	0,78	0,39	Valid			

Table 2. Goodness of Fit Model

Index	Goodness of fit	Cut Off Value	Explanation
Chi-Square	657.89	Expected low	Poor of Fit
RMSEA	≤ 0.08	0.063	Good of Fit
p-value	≥ 0.05	0.00043	Poor of Fit
GFI	≥ 0.90	0.86	Poor of Fit
AGFI	≥ 0.90	0.83	Poor of Fit
NFI	≥ 0.90	0.95	Good of Fit
NNFI	≥ 0.90	0.97	Good of Fit
CFI	≥ 0.90	0.97	Good of Fit
IFI	≥ 0.90	0.97	Good of Fit
RFI	≥ 0.90	0.95	Good of Fit
SRMR	≥ 0.08	0.044	Good of Fit

suitability with the organization and employee intrinsic motivation, will affect employee behavior in innovation.

4.1. Managerial Implications

Efforts can be made by companies to improve innovative behavior among banking employees, namely by increasing employee competence and strengthening the work culture of the company. Employee competency development that suit with company needs, will help employees adjust to company values. Knowledge and competency development are needed by employees to

be able to adapt and help them contribute to improve company performance. Employee competency development that has been fulfilled will help employees enjoy working, so that motivation will grow.

Table 3. Hypothesis testing (Result)

	Path	t-value	p-value	Explanation
H1	WE – POF	2,84*	< 0,000	H1 is accepted
H2	WE – IM	3,17*	< 0,000	H2 is accepted
H3	POF – IWB	2,05*	< 0,000	H3 is accepted
H4	IM – IWB	4,14*	< 0,000	H4 is accepted

* $p \geq 1,96$

Employee values that match the company affect the willingness of employees to use new ideas or implement innovations. Employees will easily and continuously implement new ideas, if there are no obstacles for employees in adjusting employee values with company values. Employees who enjoy their work will help implement new ideas or innovations. However, companies need to notice that there are risks involved in each employee's job. Employees also need to be aware and enjoy that working in a bank has risks and is monitored by regulations. That is necessary so that employees can innovate and implement new ideas that the company needs.

4.2. Theoretical Implications

Based on the discussion and conclusions made in the research, there are several points that can be conveyed, including the following:

1. Research on work ethics, person organization fit, intrinsic motivation, and innovative work behaviour can be carried out on different type of industry from this study.
2. The study indicates that work ethics has a positive effect on person organizational fit and intrinsic motivation, and innovative work behaviour influenced by person organizational fit and intrinsic motivation among Indonesian banking employees.

4.3. Research Limitations

The limitation in this study is that the measurement variables of motivation are only intrinsic motivation. Measurement variables of person environment fit are only person organization fit. Researchers understand that there are other factors and variables that can affect innovative work behavior.

Further research can consider data collection by combining other instruments such as interview techniques or forum group discussion, in order to get

more in-depth information about the influence of the variables studied in this study.

AUTHORS' CONTRIBUTIONS

Nizar F.S. worked on idea and research topic, executed the research on the field and did the computation of the data.

Aryana S. worked on idea and research topic, and supervised Nizar F throughout the completion of the research.

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