

The Influence of Transformational Leadership and Knowledge Sharing on Innovative Work Behavior of Millennial Employees in Start-Up Companies

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ABSTRACT

This study aims to discover and explain the effects of transformational leadership and knowledge sharing on innovative work behavior (IWB). Respondents 50 employees millennials in start-up company Jakarta. Data collection is done through interviews and questionnaires. A questionnaire with a Likert scale was used as a data collection technique. This study's analysis used SEM (Structural Equation Model) with Smart PLS model 3.0 as a statistical device. The result was that transformational leadership positively and significantly affects knowledge sharing. Transformational leadership and knowledge sharing positively and significantly affect innovative work behavior.

Keywords: *Transformational Leadership, Knowledge Sharing, Innovative Work Behavior, Start-up.*

1. INTRODUCTION

In recent years, it has become a trend that start-ups, which are generally driven by millennials who have a visionary vision, have succeeded in creating new markets and attracting consumers from the market niches that large companies have dominated. Start-up is a new company that is growing to survive [1]. Competition among start-up companies is increasing in Indonesia. According to data from StartUp Ranking [2], Indonesia is listed as the 4th country in the world with the highest number of start-ups, 2,193. The development of start-ups in Indonesia provides an opportunity for the millennial generation to contribute, considering that there are similarities in character between start-ups and the millennial generation, which is closely related to technology because millennials were born at the same time as the birth of technology. However, to be able to survive and compete is not an easy thing for start-up companies. A survey conducted by Tirto.id reports that 9 out of 10 start-up companies fail [3]. The tight competition in the increasingly competitive industry is a challenge for start-up companies to be able to compete and survive [4].

Studies from Forbes show that lack of innovation is one of the causes of start-up company failure [5]. These results show that innovation is an essential key for start-up companies to be able to maintain their performance. Following the findings from [6], start-up companies need to encourage their employees to behave proactively and stimulate them to contribute more in their work to get a sustainable competitive advantage.

In connection to these concerns, research in connection to these concerns, researchers believe that innovative work behavior is critical in the setting of a start-up organization. The first fact that researchers got from [7] is that the work dynamics of start-up companies are different from conventional companies, especially because start-up companies are very dynamic and full of uncertainty. Based on this, [7] found that start-up business owners will look for employees who have a personality according to the entity of the start-up business, in addition to some general things needed in finding the best employees. Some of the critical employee personalities that start-up company owners look for include being creative, innovative, and flexible in finding solutions to problems through innovative work [8]. Start-up is a company identical to innovative work

behavior and has different demands on the initial and advanced cycles. This shows that innovative work behavior is needed by employees who work in start-up companies. De Jong and Den Hartog used the term "innovative work behavior" (IWB) to characterize the challenge of how to produce ideas and acquire the behaviors required to put these ideas into action.

To maximize innovative work behavior, it is necessary to have a leader's role in managing it. One of the suitable leadership styles is the Transformational Leadership Style. In addition to the role of the leader concerned, several studies have also found that knowledge sharing can maximize innovative work behavior. Knowledge-sharing behavior in companies is considered vital because it can help achieve productive competition [9].

The role of knowledge-sharing behavior in companies is not only to prevent the loss of knowledge, which is vital for company productivity. Knowledge sharing behavior can also help in increasing innovation in companies [10-12]. Some studies show the relationship between knowledge sharing behavior and innovative behavior through the addition of other variables that accompany knowledge sharing behavior, such as team culture, characteristics of co-workers, and work performance [10-12].

In helping to increase innovation in the company, the knowledge-sharing behavior applied by employees provides a new perspective to help and enrich the work results. The views to new knowledge obtained from the results of knowledge sharing behavior help individuals find new ways and products that can benefit the company. Innovations that are influenced by the knowledge-sharing behavior process are not only limited to products but can also be seen from the services shown by employees to consumers.

2. METHODS

This study employed a survey method with a correlational research strategy. Data was gathered by delivering questionnaires to millennial workers of Jakarta-based start-up enterprises. The instrument used to measure transformational leadership is an adaptation of [13]. The instrument used to measure knowledge sharing is adopted from [9]. Meanwhile, to measure innovative work behavior adapting from [14]. The questionnaire is intended to be closed, with the exception of questions/statements about the respondents' identities, which are in the form of a semi-open questionnaire.

3. RESULTS AND DISCUSSION

3.1. Outer Model Test

If all indicators in the PLS model meet the standards of convergent validity, discriminant validity, and composite reliability, the findings of the PLS analysis may be utilized to evaluate the research hypothesis.

3.2. Convergent Validity Testing

The lowest admissible loading factor in this research is 0.5, provided that the AVE value of each construct is more than 0.5 [15]. The estimation results of the PLS model are shown in Figure 1:

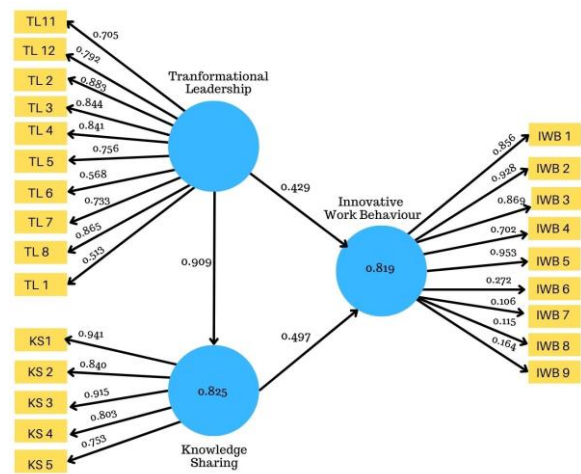


Figure 1. Estimated Measurement Model

Based on the analysis results in Figure 1, it can be seen that several indicators have a loading factor less than 0.7, indicating that they are invalid and must be dropped from the model. The estimation results of the model after the invalid indicators are dropped from the model are shown in Figure 2:

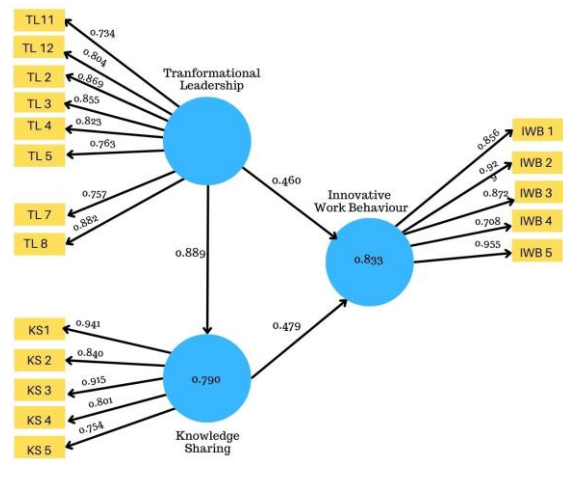


Figure 2. Valid Model Estimation

According to the PLS model estimate findings in Figure 2, all indicators have a loading factor value more than 0.7, indicating that the model meets the convergent validity requirements. Convergent validity is determined not only by the loading factor value of each indicator, but also by the AVE value of each construct. If the AVE value of each construct is more than 0.5, the PLS model is said to be convergent [15]. The total AVE value of each construct is shown in Table 1 below:

Table 1. Average variance extracted (ave) value

	Cronbach's Alpha	rho_A	rho_A	Average Variance Extracted (AVE)
Innovative Work Behavior	0.916	0.930	0.938	0.753
Knowledge Sharing	0.904	0.919	0.930	0.728
Transformational Leadership	0.926	0.936	0.939	0.661

3.3. Discriminant Validity

The results of the discriminant validity test can be seen in table 2.

Table 2. Discriminant validity value

	Innovative Work Behavior	Knowledge Sharing	Transformational Leadership
Innovative Work Behavior	0.868		
Knowledge Sharing	0.888	0.853	
Transformational Leadership	0.886	0.889	0.813

The discriminant validity test findings in Table 2 reveal that all constructs already have the square root value of AVE greater than the correlation value with other latent constructs (by the Fornell-Larcker criterion), implying that the model has discriminant validity.

3. Test Composite Reliability

The recommended value of composite reliability and Cronbach alpha is more than 0.7 [15]. The result show by Table 3 below.

Table 3. Composite reliability value

	Cronbach's Alpha	rho_A	Composite Reliability
Innovative Work Behavior	0.916	0.930	0.939
Knowledge Sharing	0.904	0.919	0.930
Transformational Leadership	0.926	0.936	0.939

According to the reliability test findings in the table above, all constructions have composite reliability scores and Cronbach's alpha values more than 0.7. Finally, all constructions passed the needed reliability.

4. Inner Model Test

With the booth strapping technique, the R Square value and the significance test value were obtained as shown in the Table 4 below:

Table 4. R square value

	R Square	R Square Adjustment
Innovative WorkBehavior	0.833	0.826
KnowledgeSharing	0.790	0.785

According to Table 4, the R Square knowledge sharing value is 0.79, indicating that the transformational leadership variable explains the knowledge sharing variable by 79%.

Table 5. Value of significance test results

	Original Sample (O)	Sample Mean (M)	Std. Deviation (STDEV)	T Statistics	P Values
Knowledge Sharing -> Innovative Work Behavior	0.479	0.420	0.220	2.182	0.030
Transformational Leadership -> Innovative Work Behavior	0.460	0.517	0.207	2.222	0.027
Transformational leadership -> Knowledge Sharing	0.889	0.904	0.023	38.043	0.000

Table 5 shows that transformational leadership (KT) has a positive and significant influence on knowledge sharing (H1 is accepted) as well as inventive work behavior (PI) (H2 is accepted) with p-values 0.05, which are 0.000 and 0.000, respectively. 0.027. Furthermore, the T statistic for all pathways is more than 1.96, and all path coefficients are positive. As a result, the assumption of the main impact of the independent variable on the dependent variable must be substantial in order for the mediation effect test to be performed [16]. Table 6 shows the findings of the mediation effect hypothesis test:

Table 6. Indirect effect value

	Original Sample (O)	Sample Mean (M)	Std. Deviation (STDEV)	T Statistics	P Values
Knowledge Sharing -> Innovative Work Behavior		-0.000	-0.000		
Transformational Leadership -> Innovative Work Behavior	0.426	0.377	0.197	2.167	0.031
Transformational leadership -> Knowledge Sharing		-0.000	-0.000		

From the Table of Indirect Effect Values above, it can be concluded that transformational leadership positively affects innovative work behavior. From the Indirect Effect Value Table above, it is concluded that transformational leadership positively affects innovative work behavior. Through knowledge sharing with a significance of 0.000 or <0.05 . Furthermore, to find out whether this mediation is fully mediating, it can be seen from Table 7 below:

Table 7. Total effect value

	Original Sample (O)	Sample Mean (M)	Std. Deviation (STDEV)	T Statistics	P Values
Knowledge Sharing -> Innovative Work Behavior	0.479	0.420	0.220	2.182	0.030
Transformational Leadership -> Innovative Work Behavior	0.886	0.894	0.207	32.562	0.000
Transformational leadership -> Knowledge Sharing	0.889	0.904	0.023	38.043	0.000

From the total effects value in Table 7, the influence of transformational leadership (kt) on innovative work behavior (pi) is still significant with a p-value of 0.000 (<0.05). This mediation's effect can only be described as quasi-mediating. If the entire impacts of transformational leadership on creative work behavior are not considerable, full mediation occurs [17]. According to the findings of the study, transformational leadership has a good and significant influence on knowledge sharing. This signifies that the better the awareness for varied knowledge among other employees, the more favorable the superior's leadership practice. This conclusion is consistent with earlier studies [18], [19], and [20]. Transformational leadership has a big and favorable impact on innovative work behavior. This suggests that the more favorable the superior's leadership style, the more inventive the workers' work behavior will be. This conclusion is consistent with earlier study [21-28].

In contrast to Ma & Jiang's research (2018), [29] concludes that transformational leadership has no significant effect on innovation and creativity. Knowledge sharing has a positive and significant impact on innovative work behavior. This means that the more positive knowledge sharing, the better employees' innovative work behavior.

The results of this study are in line with Rodan's research (2002) which states that knowledge sharing can encourage people to combine their codified knowledge with each other so that they are ultimately able to produce new knowledge that can be a source for the creation of product/process innovation. The path coefficient of the influence of transformational leadership on employees' innovative work behavior is worth 0.460 and is smaller

than the magnitude of the influence of knowledge sharing on innovative work behavior (0.479). The possibility can be explained by the characteristics of the millennial generation that tend to dislike being ordered because they want a boss who sets an example and a leader who inspires. In that way, millennial employees want to build work relationships a more egalitarian one, where a manager or supervisor acts as a discussion partner who is willing to listen to their ideas.

4. CONCLUSIONS

Based on the research results, transformational leadership and knowledge sharing simultaneously influence individual work behavior variables. As for the discussions in the previous chapters, several conclusions can be made:

- Transformational leadership has a significant positive effect on innovative work behavior.
- Transformational leadership has a significant positive effect on knowledge sharing.
- Knowledge sharing has a positive and significant impact on innovative work behavior. This means that the more positive knowledge sharing, the better employees' innovative work behavior.

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