



Remote Working in Indonesian Securities Companies: The Power of Innovative Work Behaviour

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Abstract. This study aims to investigate the impact of transformational leadership and innovative work behaviour on virtual team performance in Indonesian securities companies. A questionnaire was used to collect data from 233 work unit leaders who have implemented remote working policies in the last 3 years. Structural Equation Modelling was used to examine the causal relationship between variables. The results show that virtual team performance is influenced by innovative work behaviour, while transformational leadership cannot directly affect it. However, transformational leadership can indirectly affect virtual team performance by enhancing innovative work behaviour. Thus, to maintain and improve virtual team performance in a remote working environment, innovative work behaviour is crucial, and transformational leadership can promote such behaviour. This study's findings have practical implications for securities companies in Indonesia to adapt to a remote working environment.

Keywords: Transformational Leadership · Innovative Work Behavior · Virtual Team Performance

1 Introduction

The covid-19 pandemic has caused government to issue health protocol which aimed to reduce number of infections and prevent further spread. One of the issued health protocol is the social restriction which limits the number of people gathered in a single place. Regardless of the industry, every company implement a virtual working environment as an alternative to comply with the health protocol while at the same time, maintaining their productivity. Securities company which classified within financial industry are also implementing virtual working environment in pandemic times.

Despite pandemic situation, companies need to maintain their performance to survive during the times of uncertainty. The implementation of virtual working environment enables department or working unit to work remotely which means coordination and information sharing processes are conducted in online manner through technologies. In that case, working units are adapting towards a newly implemented virtual working. Therefore, a change within a working unit is necessary for each working units to be able

to maintain and even improve their performance regardless of the newly implemented virtual working style.

Department or working unit within a company has responsibilities that are different with each other. Due to different responsibilities among working units, each working units are expected to have different performance measurement to measure their contribution towards the company. Previous research by [1] mentioned that working unit performance or team performance can be measured by the output against the target that was pre-determined towards each specific working units. Working units with good performance will be determined by whether they are capable in achieve target and working units with bad performance will be determined with their inability to achieve target. From that perspective, company will have a measurement system which could be applied to all working units despite different responsibilities.

Previous research by [2] analyzed team performance in a virtual team context. Virtual team is defined as form of collaboration among individuals in an organization by utilizing technologies as an infrastructure to eliminate geographical constraints [3]. A team that implemented virtual working environment is referred as a team that implemented remote working [3]. In practice, individuals that work in virtual environment will not have different responsibilities compared to the offline or non-virtual counterpart, they will have to communicate and coordinate with other individuals to properly do the assigned tasks [3]. In addition, there are several benefits that virtual environment deliver such as reduced travelling time and costs, maintain work-life balance, and is often utilized as recruitment and retention strategy [4]. However, there are also challenges associated with virtual environment such as requirements for stricter coordination and the potential of coordination difficulties due to technical constraints [4]. Despite the challenges, remote working was increasingly popular due to the covid-19 pandemic which caused government across the globe to initiate mandatory remote working as health protocols. Thus, regardless of the newly implemented remote working for many organizations, they must maintain their performance to survive the uncertainties period caused by the covid-19 pandemic.

Previous research by [5] found that employee's innovative work behavior could affect performance. In this case, innovative work behavior serves to develop a process which could solve problems that occurred within an organization context. Ultimately, by being able to innovate to resolve problems, company will obtain sustainable competitive advantage which allow them to be ahead of their competitors. Innovative work behavior will allow employees to introduce new ideas, new practices, and new procedures that could bring benefit towards working units or the company as a whole [6]. One of the benefits of innovative work behavior is to help working units or company to adapt with the remote working or virtual working environment [6].

Furthermore, previous research by [7] mentioned that innovative work behaviour was influenced by transformational leadership. The transformational leadership style is focus on the development of employees by providing them with a challenge and opportunity to innovate with their creative ideas. Furthermore, transformational leadership also focus on aligning employees personal purpose with company's vision and mission which eventually will improve employee's loyalty and willingness to deliver extra effort to innovate. Ultimately, it will improve the performance of working unit due

to the capability of employee's to deliver creative ideas and adapt with the changing environment.

By combining earlier research mentioned in the previous parts, this research will elaborate the impact of transformational leadership and innovative work behavior towards the performance of each working unit in Indonesian securities companies. Furthermore, this research will analyze performance in the context of working units within securities companies who had been implementing virtual working in the last 3 years.

2 Literature Review

2.1 Strategic Management

Strategic management is a series of commitment, action, and decision making that is taken by an organization to obtain competitive advantage and above average return [8]. Competitive advantage is defined as a circumstances which organization is able to generate value for customers. Furthermore, In generating competitive advantage, an organization should have strategic competitiveness where values created by an organization, cannot be easily imitated by competitors. At the same time, competitors will learn to create values by themselves and even going for extra mile by innovating on a new products or services.

2.2 Resource-Based View

According to [9] a company's objective is to achieve sustainable competitive advantage. To achieve sustainable competitive advantage, a company should possess resources that are considered as valuable, rare, imperfectly imitable, and non-substituable. Valuable refers to resources which allow company to implement their strategy in effective and efficient manner. Rare indicates that resources are not easily accesible for competitors and not many competitors have the capability to utilize those resources. Imperfectly imitable refer to resources possessed by an organization should not be imitated or replicated easily. Non-substituable means resources possessed should not be easily replaced by other resources.

2.3 Innovation

The concept of innovation is often confused with invention. The term invention is referred to as an attempt to discover something new. This discovery is often cannot be accepted right away by the general public. In contrast, innovation is referred as invention or discovery which suits the needs of general public as a customer [10]. In economic context, if an invention does not have economic value which general public are willing to trade for, then the invention cannot be referred as innovation. Previous research by [11] divided innovation into five different types. First, is to make changes within an organization through existing products development or new product development. Second, is by the discovery of a new method that could make the cost more efficient. Third, is through the development of organization structure to allow the implementation of strategy from the management level to unit level. Fourth, is through identification of changes that occurred in the market and industry. Fifth, is by implementing a change to increase productivity.

2.4 Leader-Member Exchange Theory

The leader member exchange theory elaborates that the quality of relationship between team leader and team member will determined the quality of work output [12]. Relationship between team leader and team member would result in either high quality or low-quality relationship. High quality relationship is indicated by the lack of economic motives in the relationship exchange but instead is motivated by sense of respect between the two parties. In contrast, a low-quality relationship is indicated merely by economic motives alone such as compensation. In that case, low quality relationship relies only on the economic exchanges. The leader-member exchange theory is later developed into the leadership theory which introduces various types of leadership depends on the focus of leader-member exchange.

2.5 Previous Research Summary

Earlier research by [7] found that innovative work behavior can be influenced by 2 different leadership styles which are servant leadership and transformational leadership. The leadership style of transformational leadership emphasized on the alignment of company's vision and individual's career aspiration [13]. In addition, transformational leaders will focus on maximizing the potential of their subordinates [13]. In that case, transformational leaders will provide opportunities for their team members to perform innovation which could maximize their learning opportunity while at the same time bring benefit to the organization through their innovative ideas. Thus, such process will lead to innovative work behavior among employees. Based on those phenomena, the hypothesis is as follows:

H1: Transformational leadership have significant effect towards innovative work behavior.

Other research by [14] states that transformational leadership could positively influence team performance. As mentioned in previous part, transformational leadership emphasized on maximizing subordinate's potential. According to [14], transformational leader's effort to maximize potential is divided into four parts which are idealized influence, attributive charisma, individual consideration, inspirational motivation, and intellectual stimulation. Thus, leaders who implemented those four attributes could enhance team performance through better performance of their subordinates. Therefore, the hypothesis is as follows:

H2: Transformational leadership have significant effect towards team performance.

Previous research by [5] mentioned that innovative work behavior could affect performance. In that particular research, innovative work behavior is considered as an introduction of new ideas, product, or processes which could increase the output quality [15]. An introduction of new ideas could lead to a more efficient business processes or a new product which could suits the dynamic consumer preferences within the served market. Those two outputs will likely increase performance in terms of increased sales, quality reporting, and even consumer retention. Therefore, the hypothesis is as follows:

H3: Innovative work behavior have significant effect towards team performance.

3 Research Methodology

3.1 Proposed Research Design

This research refers to previous research by [14] which describes the effect transformational leadership towards performance. Furthermore, this research also refers to previous research by [7] which proven the significant effect between transformational leadership and innovative work behavior. Finally, this research also refers to previous research by [5] which analysed the impact of innovative work behavior towards virtual team performance. Thus, based on those previous researches, the conceptual frameworks are as follows:

By referring to Fig. 1, virtual team performance is influenced by factors such as transformational leadership and innovative work behavior. Furthermore, innovative work behavior is also influenced by transformational leadership.

3.2 Sample and Data Collection Method

According to [16] a research sample is considered as small portion of research subjects which shares the same characteristics as the overall population. In this research, the research population is working units within Indonesian securities companies that is listed by the regulator. As for sampling technique, this research used the purposive sampling technique which categorized as non-probability sampling. In purposive sampling, there are specific criterias which should be met by the respondents, if the respondents fail to meet the criteria, they will not eligible to participate in the questionnaire. As for the number of sample, this research refers to structural equation modelling minimum sample rule of thumb as mentioned by [17]. According to [17], the minimum number of sample is $n \times 5$, where n equals to number of indicators in the research questionnaire. In this research, there are 28 indicators which makes the minimum number of sample to be 140 respondents.

In order to test the research hypothesis, researcher implemented a quantitative research method where measurement model analysis and structural model analysis are used to analyse the data. Questionnaire is distributed towards working unit or department head of Indonesian securities companies. In addition, several respondent screening criteria was applied such as whether the respondent had implemented remote working in the last 3 years, and whether the respondents are stationed as working unit head. The final number of respondents are 233 working unit head as participants if this research.

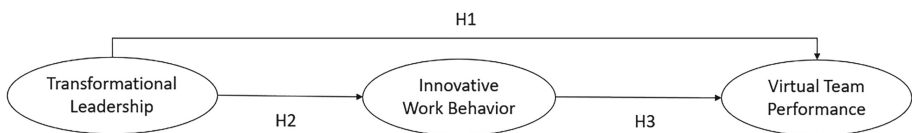


Fig. 1. Conceptual Frameworks

3.3 Measurement

In this research, virtual team performance indicators refers to two different literatures which are from [18] and [19]. Innovative work behavior's dimension were separated into four parts which are idea exploration, idea generation, idea championing, and idea implementation which refers to previous research by [20]. Finally, transformational leadership refers to previous research by [21]. Thus, the detailed indicators are as follows (Table 1):

3.4 Methods of Data Analysis

In this research, data analysis was conducted to analyze the previously collected data through questionnaires. The analysis will ultimately lead to hypothesis test which could prove whether the hypothesis can be supported or not. To analyze and test the conceptualization, a two-step statistical analysis technique was used. In the first step, measurement model is analyzed to examine the relationship between each indicator and latent variables. Second, a structural model analysis is performed to analyze the relationship among latent variables [22]. Once both analysis had been completed, each hypothesis can be statistically proven. In this research, data is analyzed by using Structural Equation Modelling 8.8 with maximum likelihood method of estimation.

4 Results and Discussion

4.1 Measurement Output

The results of standardized loading factors (SLF), T-values, constructed reliability (CR), and variance extracted (VE) are as follows:

From the statistical output Table 2, all indicators have the standardized loading factors values higher than 0.50, which means all indicators can be considered as valid indicators [22]. Furthermore, the value of construct reliability in each variable are greater than 0.70, and the variance extracted value of each variable are also higher than 0.50.

In summary, all indicators can be considered as the correct indicators to measure each of the respective variables and all indicators can be considered as produce a consistent results which prove their reliability. Therefore, all indicators are considered as valid and reliable to measure each variables and can be proceed to the structural model analysis.

4.2 Structural Model

The results of relationship among latent variables are as follows:

From the latent variable relationship output in Table 3, it can be concluded that there is one relationship that is not significant. The relationship between transformational leadership and virtual team performance was proven to be not significant. However, it was proven that innovative work behavior can influence virtual team performance. Furthermore, it was also proven that innovative work behavior can be influenced by transformational leadership.

Table 1. Research Indicators

Variable	Code	Indicators
Team Performance	VTP1	Adequately completes assigned duties
	VTP2	Engages in activities that will directly affect his or her performance
	VTP3	Fails to perform essential duties
	VTP4	Fulfills responsibilities specified in job description
	VTP5	Meets formal performance requirements of the job
	VTP6	Neglects aspects of the job he or she is obliged to perform
	VTP7	Performs tasks that are expected of him or her
	VTP8	Our quality of work is superior to that of similar teams in other organizations.
	VTP9	Our quantity of work is satisfactory.
	VTP10	Our resource planning and allocation are superior to those of similar teams in other organizations.
	VTP11	Our overall performance is satisfactory.
Innovative Work Behavior	IWB1	Pay attention to issues that are not part of his daily work
	IWB2	Wonder how things can be improved
	IWB3	Search out new working methods, techniques or instruments
	IWB4	generate original solutions for problems
	IWB5	find new approaches to execute tasks
	IWB6	make important organizational members enthusiastic for innovative ideas
	IWB7	attempt to convince people to support an innovative idea
	IWB8	systematically introduce innovative ideas into work practices
	IWB9	contribute to the implementation of new ideas
	IWB10	put effort in the development of new things
Transformational Leadership	TL1	communicates a clear and positive vision of the future
	TL2	treats staff as individuals, supports and encourages their development
	TL3	gives encouragement and recognition to staff

(continued)

Table 1. (continued)

Variable	Code	Indicators
	TL4	fosters trust, involvement and cooperation among team members
	TL5	encourages thinking about problems in new ways and questions assumptions
	TL6	is clear about his/her values and practices what he/she preaches
	TL7	instills pride and respect in others and inspires me by being highly competent

From the results above, it can be interpreted that transformational leadership alone will not be able to sustain or improve team performance. There should be a contribution from the side of team members in terms of innovative work behavior. Team members will try to innovate the business process that is running within each of their respective team and convince related stakeholders to implement their ideas. When successfully implemented, it will result in a more efficient business process which leads to better team performance. However, to trigger such innovative work behavior, there should be a role of team leader in terms of actions represented in the transformational leadership style of leadership. Actions such as showing support for career development, provide an opportunity for experiment, and encourages team members to provide innovative ideas will trigger innovative work behavior among team members which ultimately could improve team performance.

4.3 Hypothesis Testing

Based on the statistical output in the previous section, the hypothesis testing results are as follows (Table 4):

In the hypothesis result above, it was proven that transformational leadership alone will not be able to directly influence the performance of working unit that worked in virtual environment. However, it was proven that innovative work behavior can be influenced by transformational leadership. In addition, it was also proven that innovative work behavior could influence virtual team performance. Thus, it can be inferred that transformational leadership will impact towards the innovative attitude and creativity of team members which ultimately will improve their respective team's performance.

Table 2. Statistical Measurement Output

Indicator	SLF	Error	T-value	Result	Construct Reliability	Variance Extracted	Result
VTP1	0.72	0.48	12.46	Valid	0.96	0.52	Reliable
VTP2	0.62	0.61	10.25	Valid			
VTP3	0.68	0.53	11.62	Valid			
VTP4	0.78	0.4	13.83	Valid			
VTP5	0.81	0.35	14.64	Valid			
VTP6	0.7	0.51	11.96	Valid			
VTP7	0.7	0.52	11.88	Valid			
VTP8	0.69	0.52	11.72	Valid			
VTP9	0.74	0.45	13.00	Valid			
VTP10	0.68	0.54	11.48	Valid			
VTP11	0.82	0.33	14.95	Valid			
IWB1	0.65	0.58	10.91	Valid	0.82	0.60	Reliable
IWB2	0.89	0.31	15.83	Valid			
IWB3	0.83	0.34	15.04	Valid			
IWB4	0.82	0.32	15.28	Valid			
IWB5	0.86	0.26	16.82	Valid			
IWB6	0.87	0.25	16.87	Valid			
IWB7	0.9	0.19	17.83	Valid			
IWB8	0.87	0.24	16.72	Valid			
IWB9	0.85	0.28	15.99	Valid			
IWB10	0.85	0.28	15.92	Valid			
TL1	0.87	0.24	16.87	Valid	0.92	0.75	Reliable
TL2	0.89	0.21	17.03	Valid			
TL3	0.88	0.27	16.18	Valid			
TL4	0.86	0.26	16.82	Valid			
TL5	0.86	0.26	16.8	Valid			
TL6	0.86	0.26	16.25	Valid			
TL7	0.84	0.3	15.55	Valid			

Table 3. Direct Relationship Output

Latent Variable Relationships	T-value	SLF	Result
Transformational Leadership → Innovative Work Behavior	9.6	0.81	Significant
Transformational Leadership → Virtual Team Performance	0.05	0.01	Not Significant
Innovative Work Behavior → Virtual Team Performance	5.44	0.66	Significant

Table 4. Hypothesis Testing Result

Hypothesis	Hypothesis Statement	Results
H1	Transformational Leadership has significant effect towards Virtual Team Performance.	Data Doesn't Support Hypothesis
H2	Transformational Leadership has significant effect towards Innovative Work Behavior	Hypothesis Accepted
H3	Innovative Work Behavior has significant effect towards Virtual Team Performance	Hypothesis Accepted

5 Conclusion

The finding of this research contributes towards the concept of leadership in virtual team context. This research contributes towards the concept of transformational leadership and its effect towards innovative work behavior and virtual team performance in Indonesian securities companies working unit.

This research has several empirical implications. First, working unit head that exhibit transformational leadership traits such as supporting their team member's career development, will likely to trigger their team member's innovative behavior. The traits of innovative work behavior that exhibited by team member's are being optimist with their ideas, and have the initiative and persistency to persuade stakeholders about their innovative ideas until their ideas are accepted. By doing so, each team will be able to meet the target set by the company and also deliver results which considered to be satisfactory. In summary, leader's action to support their team member's career development will result in team member's innovative mindset that not only can help them to achieve target and deliver satisfactory work quality, but also to persuade stakeholders to accept new ideas. Ultimately, the innovative ideas from team members who are involved in the business process could potentially improve the existing process into a more efficient process and leads to improved performance.

This research has several limitations related to variables, and data collection processes. Regarding variables, this research only focused on one type of leadership which is transformational leadership. This research did not focused on other types of leadership such as transactional leadership, servant leadership, or agile leadership. Thus, this

research did not compare the type of leadership that is most effective in triggering innovative work behavior among team members. Regarding data collection processes, the questionnaire used as instrument was filled with self-rated means which means respondents provide answers based on their own judgement alone. In that case, it could potentially results in subjective answers or self-rated bias which could affect the results. In addition, the data collection processes were only conducted once in a specific time period. Finally, the data collection processes were only conducted in Indonesian securities companies, non-securities companies may result in different trends.

Future research is expected to cover other types of leadership such as transactional leadership, servant leadership, or agile leadership impacts towards the implementation of virtual working in company context. To be more specific, future research could cover the impact of transactional leadership and make a comparison with transformational leadership in regards with their influence towards innovativw work behavior. Furthermore, future research could also elaborate a specific department key performance indicators which can be improved through the role of leadership and innovative work behavior.

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