



# The Effect of Transactional Leadership and Transformational Leadership on Innovative Behavior

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**Abstract.** Innovative behavior of employees is determined based on the leadership used by the leadership. This study aims to explain the transactional and transformational leadership abilities towards innovative behavior. The research sample was 134 employees at the Correctional Institutions throughout the Regional Coordinator of Jember. The study used a questionnaire and analyzed using path analysis. The results showed that transactional leadership had a positive and significant effect on innovative behavior, meaning that the better the transactional leadership of the work unit leaders perceived by the Correctional Institutions throughout the Regional Office of Jember, the more innovative behavior of employees at work. And similarly, transformational leadership has a positive and significant effect on innovation behavior, meaning that the better the transformational leadership of the work unit leaders perceived by the Correctional Institutions throughout the Regional Office of Jember, the more innovative behavior of employees at work. Among other things, this study suggests organization to better recognize employees individually and help them develop their potential as an effort to increase their innovativeness.

**Keywords:** innovative behavior · transactional leadership · transformational leadership

## 1 Introduction

Professional and quality public services for the State Civil Apparatus (ASN) are the main tasks of an ASN. This is reflected in the Law of the Republic of Indonesia number 5 of 2014 concerning the State Civil Apparatus, especially article 11. Professional and quality public services are very important in realizing good governance [15]. Public services are not only focused on ASN in providing services but are also determined by the accuracy and speed and simplicity of a service so that the service is said to be of good quality. This condition is always pursued by the government through the ASN with the Integrity Zone Development program Towards a Corruption-Free Area and a Clean and Serving Bureaucratic Area known as WBBM) emphasizing on changing the mindset of ASN and structuring management which is expected to be able to realize much higher quality public services.

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The best service cannot be separated from the influence of fast and dynamic global flows as well as updating the flow of technology which has a huge impact on the flow of information commonly known as the industrial era 4.0. This era of industry 4.0 turned out to have an impact on community demands for service quality in all aspects of life, including ASN services. People expect practical, fast, precise and safe services. Major changes in information technology bring enormous changes in social life. Changes are becoming more evident with the emergence of the Covid-19 pandemic that has hit the world in general and Indonesia in particular. Changes due to the development of information technology require people who provide services to be able to provide the best service to people in need. This is intended so that the wheels of life are not stagnant which will have an impact on overall poverty which should not happen to the Republic of Indonesia. Therefore, various ways are needed to adjust the service to the existing situation and conditions through service innovations to the community. This is in an effort as a solution to problems that arise in an effort to fulfill good quality public services [9]. The study of changes in public services for the better by the government is very important information and is needed by the community. This can be used as a monitoring and evaluation medium related to services that have been running and is a material for consideration for making policies related to public services in the future.

Correctional Institutions are one of the government's representations in providing correctional-based public services related to the development and security of Correctional Inmates (WBP). This is because correctional institutions are institutions that implement the Law of the Republic of Indonesia Number 12 of 1995, especially Article 8 paragraph (1) which states that correctional officers are law enforcers whose duty is to provide services in the form of coaching. This is because correctional institutions are institutions that implement the Law of the Republic of Indonesia Number 12 of 1995, especially Article 8 paragraph (1) which states that correctional officers are law enforcers who are tasked with providing services in the form of coaching, securing and mentoring for prisoners in prison (WBP). In addition to the main task of providing primary services in accordance with their duties and functions, correctional institutions are also required to provide other additional services related to the fulfillment of rights for prisoners. This additional service provides an interaction space for the general public apart from inmates and correctional officers to be involved in it, for example visits by families and legal advisors. Therefore, the services provided must be flexible and dynamic so that they are expected to be able to adapt to changes and developments in the community. This is because changes and developments that occur in the community will have an impact on the pattern and way of administering existing services. Therefore, correctional institutions are required to continue to innovate in providing services to the community but not violating existing laws and regulations. Correctional institutions as a form of government presence for the community can achieve its main goal of providing the best and quality services to the community as service users. Data on the achievement of service innovation behavior targets for 2018 to 2021 are presented in Table 1.

Table 1 shows that the number of innovation outputs from year to year at the Jember Korwil Prison has decreased significantly. This condition is very inversely proportional to the existing problems, especially if it is associated with changes in fluctuating global economic conditions that make aspects of life also change. The decrease in the output

**Table 1.** Achievement of Innovation Target. Source: Jember Regional Korwil Prison 2022.

Achievement of Innovation Target								
No. Prison	2018		2019		2020		2021	
	Target	Realization	Target	Realization	Target	Realization	Target	Realization
1 Jember	100%	84%	100%	63%	100%	25%	100%	25%
2 Bondowoso	100%	68%	100%	85%	100%	25%	100%	29%
3 Banyuwangi	100%	86%	100%	63%	100%	30%	100%	25%
Total	100%	79%	100%	70%	100%	27%	100%	26%

of innovation products at the Jember Korwil Prison indicates that there is a decrease in the innovative behavior of members of the organization. This is also one of the reasons why in the period 2018 to 2021 the Jember Korwil Prison has not yet received the title of Corruption Free Area (WBK) from the Ministry of State Apparatus Empowerment and Bureaucratic Reform. The reason could be that the number of superior innovation programs produced by organizational units is one of the important factors in the assessment for work units to get the WBK predicate.

The global economic crisis experienced since 2020 has an impact on every human being, organization, agency, company all over the world to make changes, including government agencies. One of the changes in the government facing a world economic recession is by issuing a Circular Letter of the Minister of State Apparatus Empowerment and Bureaucratic Reform number 19/2020 concerning Adjustment of the Work System of the State Civil Apparatus in government agencies. Innovation in ways and systems of working that previously had to be in the office and then working from home is known as work from home. This condition also forces adjustments to the fulfillment of public services by the government. Therefore, the need for innovation in the implementation of public services is the main key to achieving good quality public services.

The obligation to create innovation in an organization is not only the obligation and responsibility of a leader but also the obligation and responsibility of every member of the organization. Because the creation of an innovation in an organization is the result of the innovative behavior of its individual members, because the innovative behavior of employees is the micro-foundation for organizational innovation [12]. Innovation work behavior is the behavior of employees in generating or adopting new ideas and implementing them for the benefit of the company [12].

The results of previous research on innovation work behavior including resulted that the innovative work behavior of organizational members is very important for organizational effectiveness and survival, which in turn leads to sustainable organizational development to increase organizational value [4]. In its implementation, organizational members cannot directly behave innovatively in doing their work. This is because there are several factors that are thought to influence the innovative work behavior of employees. Therefore, it is important for organizations to identify factors that can improve

employee innovative work behavior [1]. One of them is the leadership factor that is predicted to have the most influence and can increase employee innovative behavior because a leader has the ability to lead and encourage employees' innovative abilities to achieve organizational goals [17]. Leaders also play a major role in ensuring the organization remains on track in achieving organizational goals. This is because to be able to realize a good government is greatly influenced by the leader and his leadership style [21]. Each leader with his leadership style will give a different aura to each institution he leads. Leaders who have far-reaching insight (visionary) will have an important role in shaping innovative behavior in an institution. Leaders like this will provide their own space for employees to provide brilliant ideas and initiate for the progress and development of their institutions [11]. Leaders with a visionary style will provide a trigger for those who are led to behave innovatively so that the institution is able to create the innovations needed to achieve the goals and objectives of the institution.

Several studies on innovative behavior reveal that transactional leadership style has a positive and significant influence on employee innovative behavior. These were carried out by [22, 16, 20, 14, 10]. On the other hand, there are still research results that are inconsistent with the theory, namely research conducted by: Agustin (2019) found the results of research that transactional leadership style has a negative effect on employee innovation behavior. Likewise with research on transformational leadership styles, there are still inconsistent research results including research conducted by: [3, 16, 10, 8] who found the results of the study that the transformational leadership style had a positive and significant effect on the innovative behavior of employees. On the other hand, there are differences in the findings of research by [18, 13] which states that the transformational leadership style has a negative effect on innovation behavior. This study uses the hypothesis that there is a positive and significant effect of transactional leadership style on innovation behavior in the Jember Regional Coordinator's Correctional Institution (H1). There is a positive and significant effect of transformational leadership on innovative behavior in the Jember Regional Coordinator's Correctional Institution (H2).

## 2 Literature Review

The theoretical study is used as a perspective on the overall problem that is the object of this research. Based on the concept of innovation theory with Diffusion of Innovation as Grand Theory, and developed using transactional leadership theory approaches and transformational leadership using Constructive/Developmental Personality Theory, as Applied Theory. This theory is then tested or applied to the variables in this study.

### 2.1 Innovation Diffusion Theory

Diffusion is defined as the process by which an innovation is communicated through certain channels over time among members of a social system. More than 5 decades ago around 1943 the term diffusion of innovation was introduced by Ryan and Gross. The innovation diffusion process has four main elements, namely: 1) Innovation, namely in the form of ideas or actions that are considered new by someone; 2) Communication channel, is a tool to convey innovation from source to recipient; 3) Time period, is the

innovation decision process, from someone knowing until deciding to accept or reject the innovation; and 4) the social system, is a collection of functionally distinct units bound together to solve a common goal. Based on the four main elements of the innovation diffusion process, it can be concluded that, in the innovation process, it begins with a new idea or idea being created, then there is a communication channel to convey the new idea or idea from the creator of the idea to the recipient, then there is a time period for the recipient can make a decision about the idea or ideas, and the last is the problem solving process. This grand theory of diffusion of innovation underlies the emergence of innovative work behavior variables.

Innovative behavior or innovative work behavior and often referred to as IWB includes not only the generation of ideas, but also the behaviors needed to implement ideas to achieve a level of improvement that will improve personal or business performance. Some of these novelties may include the development of new products, technologies, changes in administrative procedures aimed at increasing the effectiveness and success of the organization. Someone who has a tendency to innovative behavior will try to develop aspects of his work and seek support from members of the organization to make it happen. Innovation also refers to the ability of individuals to create, introduce and realize new ideas, processes, products, and procedures that are useful for work, groups, or organizations. Innovative work behavior is a multi-process that includes components of creativity and implementation.

## **2.2 Personality Constructive Development Theory**

The concepts of transformational and transactional leadership were first introduced by James Mac Gregor Burn in 1978 in his book on leadership which identified two types of political leadership, namely transformational and transactional. Furthermore, this concept was finally applied by Bass (1985) to organizational management. Burn (1978) and Bass (1985) identified that leaders are actions and the impact of these actions on others. This transformational and transactional leadership theory was clarified and developed using the Constructive Personality Development Theory described by Robert Kegan in 1982. This theory describes in detail the personality variables that give rise to individual experiences (growth of understanding both interpersonally and intrapersonally).

Transactional leadership occurs when a person takes the initiative to make contact with others with the aim of exchanging something of value. Meanwhile, transformational leadership is more based on employee compliance, which involves shifting employees' beliefs, needs, and values. In addition, Bass (1985) argues that transactional leaders consider a lot of how to increase and maintain the quantity and quality of employee performance by replacing employee performance with rewards. In contrast, transformational leaders seek to promote greater employee awareness of the organization. This increase in employee awareness requires leaders who have strong vision, confidence, and the power to influence employees. This grand theory of Constructive Personality Development underlies the emergence of two leadership style variables, namely transformational leadership and transactional leadership.

### **2.3 Transactional Leadership**

Transactional leadership style is a leadership style in which the leader requires employees to complete employee commitments effectively and efficiently. Leaders monitor employee activities and minimize deviations from the expected performance standards. There are 3 indicators of transactional leadership (Jensen et al., 2016; Van Knippenberg & Sitkin, 2013), namely: 1) Contingent Reward; 2) Active Management by Exception; 3) Passive Management by Exception.

### **2.4 Transformational Leadership**

Transformational leadership style is also called charismatic leadership style, it is based on the vision of a leader who can change individuals or employees [10]. Transformational leaders strengthen the performance capacity of employees by motivating employees to create new ideas, so they are called motivating, influential, and inspirational leaders. Leaders help employees to improve their individual performance, abilities and qualities by using inspirational motivation. Transformational leaders facilitate new understanding by increasing or changing awareness of the problem. There are four indicators of transformational leadership (Jensen et al., 2016; Van Knippenberg & Sitkin, 2013), namely: (1) Idealized Influence, (2) Inspirational Motivation, (3) Intellectual Stimulation, (4) Individual Consideration.

## **3 Research Method**

This research is based on a quantitative approach. Quantitative research is research that analyzes data in numerical form with a focus on hypothesis testing. The population in this study were all employees who worked at the Jember Korwil Prison with a total of 282 employees. While the sampling technique used a purposive sampling technique, namely the technique of determining the sample using certain criteria considered according to the needs of the researcher [19]. Thus the number of samples (n) in the study were 134 people. Analysis of the data used in this study using the Structural Equation Model - Partial Least Square (SEM-PLS) with the Warp PLS 7.0 program. SEM-PLS is used for exploratory research. Because this study uses the SEM technique, the evaluation is carried out on two models, namely the lateral model and the medial model. The external model determines the relationship between potential constituents and their metrics. This evaluation is also referred to as an evaluation of potential components/variables. To evaluate the external model, we need to do three things: test convergence validity, discriminant validity, and composite reliability.

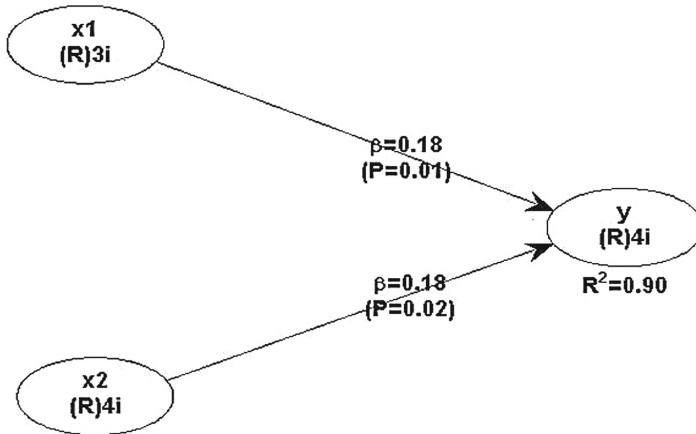
## **4 Result and Discussion**

### **4.1 Research Result**

This research was conducted on employees of the Jember Regional Coordinator Correctional Institution consisting of Bondowoso Regency, Situbondo Regency and Jember

**Table 2.** Hypothesis Testing Results

Variable	Coefficient	P-Value	Information
The Effect of Transactional Leadership on Innovative Behavior	0.18	P = 0.01	Accepted
H2: The Effect of Transactional Leadership on Innovative Behavior	0.18	P = 0.02	Accepted



**Fig. 1.** Structural Equation Modeling Testing Model

Regency. The variables used in this study are innovative behavior, transactional leadership and transformational leadership. The results of hypothesis testing are presented in Table 2.

Conducting internal or structural inner model testing to see the relationship between the components of the study model, significance value, and R-squared. The structural model was evaluated by R-squared for the significance of the dependent structure coefficients and structural path parameters of the t-test (Fig.1).

**4.2 Discussion the Effect of Transactional Leadership on Innovation Behavior**

Transactional leadership is defined as leadership whose leader requires employees to complete employee commitments effectively and efficiently. Leaders monitor employee activities and minimize deviations from the expected performance standards (Raziq et al., 2018). In this study, the effect of transactional leadership on innovative behavior resulted in a positive and significant effect. This means that the better the transactional leadership of the work unit leader perceived by the Jember Korwil Correctional Institution, the more innovative behavior of employees at work. This means that the hypothesis which states that there is a positive and significant effect of transactional leadership on innovation behavior in the Jember Regional Coordinator’s Correctional Institution is accepted (H1

is accepted). This is in line with the research results of [22, 20, 10, 14, 10] which states that transactional leadership has a positive and significant effect.

### **4.3 The Effect of Transformational Leadership on Innovation Behavior**

Transformational leadership style is also called charismatic leadership style, it is based on the vision of a leader who can change individuals or employees [10]. Transformational leaders strengthen the performance capacity of employees by motivating employees to create new ideas, so they are called motivating, influential, and inspirational leaders. Leaders help employees to improve their individual performance, abilities and qualities by using inspirational motivation. Transformational leaders facilitate new understanding by increasing or changing awareness of the problem. In this study, the effect of transformational leadership style on innovation behavior is positive and significant, meaning that the better the transformational leadership of the work unit leader perceived by the Jember Regional Correctional Institution's employees, the more innovative behavior of employees at work so in this study the hypothesis that states that there is a positive and significant effect of transformational leadership style on innovation behavior in the Jember Regional Coordinator's correctional institution employees (H2 is accepted). This is also in line with the research results of [18, 13] who are able to prove in their research that the transformational leadership style has a positive and significant effect.

## **5 Conclusions and Suggestions**

### **5.1 Conclusion**

From the results of the analysis and discussion of the effect of transactional leadership and transformational leadership on innovative behavior partially, it can be concluded that: 1) There is a positive and significant effect of transactional leadership on innovation behavior at the Jember Regional Korwil Penitentiary (H1 is accepted) meaning that the better the transactional leadership from the head of the work unit felt by the correctional officer in the Jember Regional Coordinator, it will further increase the innovative behavior of employees at work. 2) There is a positive and significant influence of transformational leadership on innovation behavior at the Jember Regional Korwil Penitentiary (H2 is accepted) meaning that the better the transformational leadership of the work unit leaders perceived by correctional officers throughout the Jember Regional Korwil, the more innovative behavior of employees at work.

### **5.2 Suggestion**

Based on the analysis that has been carried out by the researcher, the researcher provides the following suggestions: 1) Based on the lowest value from the calculation of the transactional leadership indicator index value, the leaders of correctional institutions throughout the Jember Regional Office are expected to be more active in controlling and monitoring the performance of employees, If an error is found in carrying out the work to immediately take corrective action. This is quite effective in helping to increase the



morale and motivation of employees so that they can work more innovatively which will help improve the innovation performance of the Jember Korwil Penitentiary. 2) Based on the lowest value from the calculation of the transformational leadership indicator index value, the leaders of the penitentiary as Jember Regional Coordinator are expected to better recognize their employees individually and be ready to help develop the potential of the employees. This is quite effective in helping to increase employee awareness and concern so that they can work more innovatively which will help improve the innovation performance of the Jember Korwil Penitentiary.

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