

Impact of Leadership Styles on Employees' Innovation Behavior in Select Private Commercial Banks: Mediating Role of Knowledge Sharing and Empowerment

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ABSTRACT

Innovative Individual Behavior (IIB) of employees is of great significance to organizational effectiveness and survival especially in today's rapidly changing business environment where achieving a competitive advantage has become an imperative. Leadership role in stimulating and promoting IIB in organizations is immensely critical. Empirical evidence available for the roles of Transactional Leadership (TL) and Transformational Leadership (TFL) in stimulating IIB is limited and inconsistent in the services sector. There is an immense need for such behavior especially in Private Commercial Banks (PCBs). To gain an understanding of and get insights into this phenomenon, this study examines the impact of Empowerment (ET) and Knowledge Sharing (KS) on employee IIB. The banking industry in general has undergone considerable changes over the past decades because of liberalization, deregulation, improving information technology, and globalization. A survey involving 218 employees from 15 select private sector commercial banks was conducted. Results indicated that TL, TFL, KS, and ET were significantly related to IIB. KS mediates the relationship between IIB as well as TL and TFL leadership styles but ET does not. This study also provides empirical evidence for future researchers to explore further on this contemporaneously relevant theme more extensively on various other organization concepts in the years to come.

Keywords: Leadership Styles (LS), Knowledge Sharing (KS), Empowerment (ET), Individual Innovative Behavior (IIB), Private Commercial Banks (PCBs).

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1. INTRODUCTION

Innovative Individual Behavior (IIB) of employees is of great significance to organizational effectiveness and survival (Oldham & Cummings, 1996; Scott & Bruce, 1994; Shalley, 1995) especially in today's rapidly changing business environment where achieving a competitive advantage has become more important. Organizations rely on different actors to foster innovative work behavior (Martins & Terblanche, 2003), the organizational leaders are the most prominent actors who can foster innovative work behavior at the workplace and bring new changes to an elusive situation (Janssen, 2000; Javed, Naqvi, Khan, Arjoon & Tayyeb, 2017; Nazir, Qun & Shafi, 2018; Nazir, Shafi, Atif, Qun & Abdullah, 2019). Transformational Leadership (TFL) styles have emphasized stimulating innovation as a core leadership function (e.g., Bass, 1985; Conger, 1999) and in contrast to Transactional Leadership (TL), TFL has been argued to be a particularly effective way to engender innovative behavior (Basu & Green, 1997). Leaders are proposed to have a central role in the Empowerment (ET) process of employees (Druskat & Wheeler, 2003; Randolph &

Kemery, 2011). Efficiently implementing ET among employees depends on leadership, which results in enhancement of Employee Involvement (EI) in work and giving autonomy. According to Seibert, Wang & Courtright (2011), ET enhances the ability of individuals to implement their opinions and ideas, resulting in a higher level of innovation at work. Similarly, Amabile (1988) indicated that, as a result of ET, employees feel they have autonomy and create an impact, and will be more creative.

Number of studies have shown that Knowledge Management (KM) is crucial for improving organizational performance (e.g., Choi, Poon & Davis, 2008; Perez & Alegre, 2012) and the Knowledge Sharing (KS) and innovativeness of workers in the organization (Kuo, Kuo & Ho, 2014). So there is a significant influence of knowledge on innovative work behavior. Growth and development in the services sector ensures the overall growth of the national economy, especially in a developing country. The progressive growth of the private banking sector of the country has given rise to intense competition among banks besides setting an example to other service sectors within the country. Therefore, in order to stay ahead in the business in a developing country, Private Commercial Banks (PCBs) with an increasingly large and influential presence need to manage their human capital effectively by employing different leadership styles and through effective KM (Selectusa, 2019). Second, the banking industry in general has undergone considerable changes over the past decades because of liberalization, deregulation, improving information technology, and globalization (ukdiss, 2018).

- **Statement of the Problem**

Individual Innovative Behavior (IIB) is a multi-stage process of problem recognition, generation of ideas or solutions, building support for ideas, and idea implementation (Kanter, 1988; Scott & Bruce, 1994). Leadership Styles (LS) used are crucial in organizations to boost innovation performance. The empirical evidence for the roles of Transactional Leadership and Transformational Leadership (TFL) in stimulating Individual Innovative Behavior is limited and inconsistent (e.g., Basu & Green, 1997, Shin & Zhou, 2003). It becomes, therefore, highly critical to investigate these leadership practices and most importantly understand how several other related variables can influence the practices and sustainability of innovation in organizations. Moreover, findings of this study can also be related to those of other research studies carried out in multiple contexts. Thus, they will richly contribute to the discussion about contextualizing employee empowerment in the banking sector of the country besides adding incremental addition to the existing body of literature.

- **Key Questions to be addressed**

On the basis of the problem statement and research gap, the key questions to which this study is directed are:

- 1) Does KS mediate the relationship between LS and IIB?
- 2) Does ET mediate the relationship between LS and IIB of working employees?

- **Objectives of Study**

Essentially, this study will seek to investigate the above mentioned issues in the select organizations from the banking sector. More specifically, the objectives of the study are as follows:

- 1) To examine the mediating role of Empowerment (ET) on the relationship between Leadership Styles (LS) and employees' Individual Innovative Behavior (IIB) in Private Commercial Banks (PCBs).
- 2) To examine the mediating role of Knowledge Sharing (KS) in the relationship between Leadership Styles (LS) and Individual Innovative Behavior (IIB) in Private Commercial Banks (PCBs).

- **Significance of the Study**

Commercial Banks play a crucial role in the economy due to its dominant position in the financial system. In general, it is observed that though the banking sector is one of the most desired places to work, employee attrition rate is one of the highest in this sector (Adhikary, 2018).

IIB is crucial to continuous improvement within organizations (Fuller, Marler, & Hester, 2006). This study helps to expand the body of knowledge concerning IIB in case of national commercial banks. Furthermore, as most of the earlier studies were conducted in the western context, the present study helps to identify applicable dimension/s in PCBs, and also expands the current literature by examining the mediating effect of KS and ET on leadership styles and IIB.

- **Organization of the Paper**

This study consists of **FOUR** Sections. *Section-I* briefly introduces the concepts, context, and domain for the study of this research. It also covers the background of the study, statement of the problem, research questions, objectives of the study, significance of the study. *Section-II* reviews the body of literature on TL and TFL Styles, ET, KS, and IIB and formulates a research framework. *Section-III* discusses research methodology and concentrates on data collection, administration, and process. *Section-IV* analyzes the major findings of the study especially the mediation role of ET and KS and presents a summary of results after hypothesis testing. *Section-V* contains the summary, discussions, implications for practice and research, and a critique of the study. It compares, analyzes, and discusses the major findings in relationship with prior research.

2. REVIEW OF LITERATURE

An attempt has been made to review the body of knowledge available on all the constructs identified for the current study such as (i) Conceptualizations of Leadership Styles; (ii) Effectiveness of Transformational and Transactional Leadership; (iii) Knowledge Sharing; (iv) Mediating Role of Knowledge Sharing; (v) Conceptualizations of Individual Innovative Behavior; (vi) Leadership Styles and Knowledge Sharing; (vii) Knowledge Sharing and Innovative Work Behavior; (viii) Empowerment; (ix) Leadership Styles and Empowerment; (x) Mediating Role of Empowerment have been reviewed involving scores of earlier studies.

- **Conceptualizations of Leadership Styles (LS)**

'Leadership is a process by which one person influences the thoughts, attitudes, and behaviors of others' (Mills, 2005). To achieve the goal of organization, employees prefer to be leaded and motivated towards their goal and not only hear what should be done. Among the contemporary leadership approaches, especially Transformational Leadership [TFL] (as compared to Transactional Leadership [TL]) has been established as an effective leadership style (e.g., Bass, 1990; Bass, 2000; Carson, 2011; Chi, Lan & Dorjgotov, 2012; Hater & Bass, 1988; Lowe, Kroeck & Sivasubramaniam, 1996). TFL and TL Styles were first identified by Burns (1978) in the context of political sciences as being opposed to each other. Bass (1990) adapted these constructs to organizational settings and viewed them as being complementary rather than being opposite. According to Burns (1978), TFL focuses on leaders' ways of affecting followers' emotions and values or motivating them to perform beyond expected levels. On the other hand, TL focuses on exchange processes between the leader and the followers such as rewards or punishments which are given in return for fulfillment or non-fulfillment of required tasks. The overall leadership literature shows a sort of evolution in leadership theories, which one can assess with respect to both conceptual and empirical focus; for example, we can see substantial shift in focus of leadership from traits to competence and to behavioral aspect of the leader at different times, although their inter-relatedness has also been explored. Similarly, the concepts of

TFL and TL seem to have basically evolved and developed with respect to leadership in organizations. Although Burns (1978) had initially defined TFL with respect to inspirational behavior of political leaders, Bass (1985) and his colleagues extended this concept to explain the behavior of organizational leaders, which has been quite extensively studied in leadership literature, both conceptually and empirically.

Also, while Burns (1978) had theorized TL and TFL as two ends of a single continuum, Bass (1985) argued against this mutually exclusive characteristic and rather proposed that TFL builds up on TL but not vice versa. This distinction between these two and emphasis on the TFL behavior is accredited for the resurgence of interest in the study of leadership (Hartog, Muijen & Koopman, 1997). The studies otherwise until late 1970s were found to be focused much on the transactional nature of leader-follower behavior as explained by some of the most popular leadership theories of those times such as Path Goal Theory (1974), Leader Member Exchange Theory (1975), among others. TFL has since then proven to be a very popular construct in that more studies have focused on TFL than on any other leadership theories (Judge & Piccolo, 2004).

- **Effectiveness of Transformational (TF) and Transactional (TL) Leadership**

With regard to the effectiveness of TL and TFL, several studies have made it evident that the latter is more effective. There are several studies that have produced similar correlations between TFL behavior and higher ratings of organizational outcomes such as performance (Bass, 1990). Empirical studies have found significant correlations between dimensions of TFL and various organizational outcomes such as subordinates' satisfaction (e.g., Hater & Bass, 1988), organizational commitment (e.g., Bycio, Hakett & Allen, 1995), organizational citizenship behavior (e.g., Koh, Steers & Terborg, 1995) and performance (e.g., Bass, 1985; Howell & Avolio, 1993). Moreover, studies conducted in varying organizational set ups such as educational institutions (Koh et al., 1995), business organization (Howell & Avolio, 1993) also show that TFL is positively related to positive organizational outcomes. However, scholars have also proposed that TL is more effective in organizational level while TFL is more effective in individual and small group level (Bryant, 2003 as cited in Bass, 2008). Also, there is evidence that transformational leadership is more effective in the military than the civilian sector as shown by the studies done among political leaders, educators, military leaders and business leaders. In addition, management by exception was found to be less effective in civilian sectors than in the military sector (as cited in Bass, 2008). With respect to the methodology applied, we see that the effectiveness of TFL and TL has been mostly studied through field survey, laboratory experiment and field experiments, case studies and comparative studies, mostly using Bass's MLQ which also showed the hierarchical relationship in terms of effectiveness of TFL and dimensions of TL, establishing TFL as the most effective leadership behavior.

- **Knowledge Sharing (KS)**

KS is 'a set of activities of transferring or disseminating knowledge from one person, group or organization to another (Lee, 2001). Also, as per Nonaka (1994), individual cognition plays an important role in creation and sharing knowledge. Since knowledge is embedded in different individuals, it needs to be shared by organizational members to create new routines and mental models. Employees are the human capital that possesses skills, abilities and most importantly stock of knowledge within the organization. Human capital is an integral part of organization and equally the knowledge held by them which need to be disseminated for its value to be appropriated. KS has become an important part of knowledge management in today's knowledge-based economy. Based on the nomenclature of knowledge management systems, Earl (2001) proposed four mechanisms for individuals to share their knowledge in the organization. (i) Contribution of knowledge in organizational databases; (ii) KS in informal interactions within or across teams; (iii) KS in formal interactions among

individuals; and (iv) KS within communities of practice, which are voluntary forums of employees around a topic of interest.

Hooff & de Ridder (2004) defined KS as the process by which individuals exchange knowledge (both tacit and explicit knowledge) together and create new knowledge together. It is defined as ‘the act of making knowledge available to others within the Organization’ (Ipe, 2003).

It could be elaborated on as the sharing of task-related thoughts, information, and ideas among the team members (Srivastava, Bartol & Locke, 2006).

- **Conceptualizations of Individual Innovative Behavior (IIB)**

Individual Innovation Behavior (IIB) is considered to be a multistage process and has to do with the generation, adoption and implementation of novel ideas (Kanter, 1998; Scott & Bruce, 1994). Generally, the construct has been conceptualized in terms of individual characteristics, traits, behaviors and products. For instance, Hurt et al. (1977) construe individual innovativeness as a generalized willingness to change. That is also why IIB is crucial for companies' success lies in individuals who are the main source of every innovation (Abstein and Spieth, 2014). According to Jong and Hartog (2008), IIB typically includes exploration of opportunities and the generation of new ideas of opportunities and the generation of new ideas, but also could include behaviors directed towards, but could also include behaviors directed towards implementing change, applying new knowledge or improving processes to enhance personal and/or business performance (implementation oriented behavior). In line with this, IIB is typically seen to encompass a broad set of behaviors related to generation of ideas, creating support for them, and helping their implementation (Scott & Bruce, 1998; Jansen 2000).

By reviewing the literature on the concept of IIB, it could be seen that different researchers agree about how innovative work behavior has been conceptualized over the years. This also directs their agreement on innovation as a multistage process and divides it into several dimensions. For instance, Dorenbosch, Van Engen and Verhagen (2005) describe innovative work behavior as a two stage process of invention and implementation of ideas. While, Kanter (1988), provides a broader definition of the concept and proposes that innovative work behavior has to be divided into four major stages, such as idea generation, partnership building, idea fulfillment and transfer or diffusion. Similarly, in the entrepreneurship literature, the discovery of opportunities is seen as a behavior preceding idea generation and has been demonstrated to have distinct personality and environmental determinants (Kruger, 2000). However, most commonly researchers conceptualized innovative work behavior as a three-stage process, of idea generation, development and realization, which should encourage more effective problem solving in the workplace (Janssen, 2004; Park et al., 2013; Xerri and Brunetto, 2013; Prieto and Perez-Santana, 2014). Therefore, following the work of Janssen (2000) in this research innovative work behavior is also referred as a multistage process of three different behaviors: *idea generation, idea promotion, and idea realization*.

- (i) **Idea Generation:**

It is the first element in exploitation of opportunities which involves creation of useful ideas in any domain. The major instigators of unique ideas are generally work-related problems, inconsistencies, gaps and new emerging trends (Pukiene, 2016). Idea generation is the first element of innovative work behavior and refers to coming up with unique ideas and procedures for the purpose of improvement, which could be enhanced by the greater complexity and combination of more knowledge, competencies and sources of information (Pukiene, 2016).

(ii) Idea Promotions:

Another relevant aspect to innovative behavior is the idea promotion where individual is looking for support for the idea to be pitched in and championed for. But one has to promote the idea or explore the ways to be implemented. This stage is bundled with an idea and the right place for its implementation. This stage is often being looked into as the most important aspect for an individual as their ideas need to be heard. Although ideas may have some legitimacy and appear to fill a performance gap, for most ideas it is uncertain whether their benefit will exceed the cost of developing and implementing them and resistance to change is to be expected (Kanter, 1988). According to Jansen (2000), in order to promote the idea successfully, an individual has to socialize and look for friends, backers, and sponsors for promoting the idea.

(iii) Idea Realizations

As rightly mentioned by Kanter (1988), the idea becomes a reality only when a prototype or model of the innovation is produced that can be touched or experienced. Later, it can be diffused, mass-produced, turned to productive use, or institutionalized. This aspect of innovative behavior is regarded as the challenging part for an individual as he/she requires different skills, knowledge, and communications in order to field the idea. Application behavior relates to the efforts individuals must put forth to develop making innovations a regular part of work processes (Kleysen & Street, 2001) and includes behaviors like developing new products or work processes and testing and modifying them (West & Farr, 1990; Kanter, 1988).

• Empowerment (ET)

The original meaning of 'empowerment' (ET) has been referred to as "to authorize, give power to" (Tulloch, 1993). Over the years, the definition of empowerment still remains to gain a definite concept. This may be due to difference in perception on how the concept is looked into and studied by the scholars. For e.g., Holt, Love & Nesan (2000) have defined the concept in terms of the perception that an employee holds. However, as Ford & Fottler (1995) had suggested, genuine empowerment is likely to include decision-making authority over job content and job context. Empowering individuals to achieve organization objectives and individual performance goals is the essence of leaders. Supporting this are the studies done by Behling & McFillen (1996), Bass (1999) suggests that organizational leadership influences employees' behavior by empowering them. The concept of empowerment also revolves around employees being provided with greater degree of flexibility and more freedom to make decisions relating to work. According to work of Conger & Kanungo (1988), employee empowerment is a motivational theory that can increase the performance of employees. Likewise, according to Akbar *et al.*, (2011), empowered employees having more authority in decision making are more satisfied with their jobs and more loyal to the organization. When employees are involved in decision making, they are more likely to feel good about the company (Humborstad & Perry, 2011). Empowerment of individuals also directs them to be more responsible towards the decision making process that occurs in their job area. As mentioned in Men & Stacks (2012), a large portion of the management literature (i.e., Conger & Kanungo, 1988; Spreitzer, 1995) stresses on the personal psychological aspect of empowerment and holds that a person will feel more empowered if he has the skills and abilities to do his job effectively. While Kanter (1983) and Parker & Price (1994) emphasized that to become empowered, a person must have the freedom or authority to make necessary decisions in performing his tasks or job. So combining both the approaches, Chiles & Zorn (1995) conceptualized employee empowerment both as a perception and a process to foster employee competence and control. Agreeing to Chiles & Zorn (1995), to attain true empowerment, employees must be

both competent and have certain control to make necessary decisions. But here, either aspect alone is inadequate for true empowerment.

Based on available empirical evidence related to the study, one theoretical framework as shown below in **Figure-1** is proposed:

Figure-1: Conceptual Framework

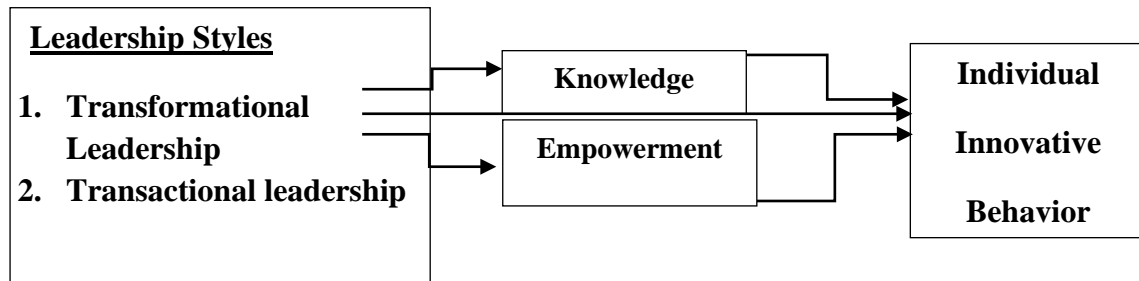


Table-1: Response Rate form the Questionnaires

PCBs	Sent Out	Returned	Usable	Manager	Officer	Assistant
CB-1	20	18	12	1	5	4
CB-2	20	16	9	1	4	3
CB-3	30	25	16	3	7	6
CB-4	60	56	48	7	27	14
CB-5	20	14	14	2	9	3
CB-6	20	12	8	1	3	4
CB-7	20	13	10	1	5	4
CB-8	20	19	15	2	4	9
CB-9	20	15	10	1	6	3
CB-10	20	10	10	2	4	4
CB-11	20	14	11	3	5	3
CB-12	20	13	10	1	7	2
CB-13	20	18	15	2	4	9
CB-14	20	20	17	1	9	7
CB-15	20	17	13	1	8	4
Total	350	280	218	29	91	98

3. RESEARCH METHODOLOGY

(iv) Population and Sample:

Population comprises employees of select Private Commercial Banks (PCBs) working in the capital city of the nation.

First, 20 PCBs were randomly chosen from a sampling frame of 24 PCBs. Second, employees who had the work experience of at least 6 months with the same line supervisor were included. While 350 closed-ended Questionnaires were distributed among the employees of the PCBs on a convenience sampling basis with the expectation of receiving minimum of 250 questionnaires for conducting data analysis. 280 were received of which 218 were usable as shown in **Table-1 above**. The respondents were contacted through personal and professional channels and were informed about the objectives and importance of the study and also were instructed on how to fill out the questionnaire.

(v) Variables and the way they are made Operational

In this, study four variables are studied. The independent variable is Leadership Styles (LS) under which TL and TFL Styles are considered. The dependent variable is IIB. The mediating and moderating variables are Knowledge Sharing (KS) and Empowerment (ET) respectively and the control variables are the demographic variables viz., gender, number of years of experience, qualification, position, and age.

- i. **TFL:** According to Burns (1978), transformational leaders motivate the followers by providing support to perform beyond expectations.
- ii. **TL:** According to Robbins (2005), transactional leadership is a style of leadership in which leaders manage the followers through rewards and punishment
- iii. **KS:** Knowledge Management is referred to such processes that identify, share, and utilizes knowledge or the good organizational practices that enable organizations to compete (O'Dell & Grayson, 1998).
- iv. **ES:** Individual's freedom to initiate and regulate tasks on his own initiative. Psychological empowerment is a state in which employees have a sense of self efficacy (i.e., to have the capability to execute the job well) (Conger & Kanungo, 1988).

(vi) Demographic

In the questionnaire, demographic information is asked to filter the sample as per the researcher's criteria. The demographic variables included are gender, age, position, number of years in the job, and educational qualification.

(vii) Instrumentation

The constructs and variables are two Leadership Styles (LS) viz., Transactional (TL) and Transformational (TFL), Individual Innovative Behavior (IIB), Knowledge Sharing (KS), and Empowerment (ET). Previously developed measures covering altogether 58 items were used in this study. The Multifactor Leadership Questionnaire (Bass & Avolio, 2004) and Rater Form were used to measure LS. 5-point Likert-type Scale that ranges from 0 (not at all) to 4 (frequently, if not always) was used. This scale identifies and measures key leadership and effectiveness behaviors that are linked with both individual and organizational success. And to measure IIB, the study used 9-items IWB scale developed by Janssen (2000). Participants' were asked to respond from 1 (never) to 7 (always). Likewise, seven items were used to measure KS as a mediating variable. All the items were adopted from Pirkkalainen *et al.*, (2018) and were adapted to suit the context of this research. A Likert scale ranging from 1 (strongly disagree) to 7 (strongly agree) was used for these items. ET was measured using a six-item scale adapted from Men & Stacks (2013). It consisted of six items presented in a seven-point Likert scale format, in which 1 equaled strongly disagree and 7 equaled strongly agree. Higher scores indicated higher levels of ET. Demographic variables have been added to the research instrument in order to establish a broader view of the sample and to have an overall idea of respondents' age group as well as education in majority.

Demographic variables were taken as control variables in this study as they might affect the dependent variable. However, in such a situation, control variables need to be incorporated in regression.

The MLQ was utilized, not only because of the robustness of its validity and its reliability, but also because it is the only known instrument that can effectively measure both TL and TFL Leadership Styles. Development of Multifactor Leadership Questionnaire (MLQ), a measure of TL and TFL Styles (along with *Laissez-faire* or no leadership) by Bass is considered as an important contribution to the development of the concept of TFL. The constructs used in this study are five subscales of TFL with 20 items four each for Idealized Influence-Behavior, Idealized Influence-Attribute, Individualized Consideration, Inspirational Motivation, and Intellectual Stimulation. While subscales of TL were used with a total of 16 items four each for Contingent Reward, Laissez-faire, Management by Exception-Active, and Management by Exception-Passive. The MLQ has been widely used and the hierarchy of these dimensions in terms of effectiveness has been both theoretically and empirically verified. This puts TFL approach as most effective followed by contingent reward, active management by exception, passive management by exception, and *Laissez-faire* leadership.

RESEARCH PROCEDURE

- **Administration of the Questionnaire:** There are 58 items in the questionnaires on LS, IIB, KS, and ET. Responses for MLQ were obtained in 5-point Likert Scale and for the others a 7-point Likert type scale was used.
- **Data Processing:** Returned questionnaires were screened manually and the ones that are duly completed and meeting the criteria alone were used after appropriate coding for further analysis. Quantitative data was analyzed using statistical software- SPSS 25. After the screening process, 62 questionnaires were discarded and only 218 were used for further analysis.
- **Data Analysis:** Descriptive statistics were calculated about the sample and measures; Cronbach Alpha (α) has been performed to test internal consistency and reliability of scales. Dispersion, central tendency, and normality were examined simultaneously. To know whether the variables are normally distributed or not, skewness and kurtosis were performed. For inferential analysis, reliability, correlation and regression were performed. Hierarchical regression analysis was done to test the impact of independent variables on the dependent variable. To test the mediation effect, simple mediation model was built and bootstrapping confidence intervals was used to determine mediation effect
- **Hypotheses Testing:** In order to test the hypotheses of the relationships, Pearson coefficient correlation test and ANOVA method were used. Comparisons among Different Groups: To determine whether there is a statistically significant difference between the means of two or more unrelated sub-groups, various tests were conducted. For this, various demographic variables such as gender, age, position, number of years in the job (NOY) and educational qualification were considered. A one-way ANOVA test was performed to understand whether there is difference in leadership styles, KS, ET, and IIB based on demographic variables and the results are presented. Since all the demographic variables in this study have more than two unrelated groups, independent t-test was *not* performed. This study has measured the strength of the relationship among the variables under study using Pearson correlation analysis along with mean and standard deviation.
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4. ANALYSIS OF THE RESEARCH STUDY

- **Characteristics of the Respondents**

A total of 350 questionnaires were distributed, out of which 280 were received, and 218 were usable. The characteristics of the respondents are summarized in **Table-2** below, which shows 49.10% were male and 50.09% were female. 61% were below 30 years of age, 35.30% between 31-40 years, 3.70% between 41-50 years, and no respondents were more than 50 years. Similarly, 45% percent at assistant level, slightly less than 41.70% at officer level, and rest 13.30% were at managerial level. The majority with 44.50% reported having below two years of experience on the job, 19.30% 3-5 years, 14.70% 6-10 years, and 21.60% more than 10 years of age.

Table-2: Respondent Characteristics (N=218)

Variable	No. of Respondents	Percentage
<u>Gender</u>		
Male	107	49.10
Female	111	50.09
Others	–	–
<u>Age</u>		
Less than 30 years	133	61.00
31-40	77	35.30
41-50	8	3.70
More than 50 years	–	–
<u>Position</u>		
Assistant	98	45.00
Officers	91	41.70
Managers	29	13.30
<u>Number of years in the Job (NOY)</u>		
0 - 2 years	97	44.50
3 - 5 years	42	19.30
6 - 10 years	32	14.70
More than 10 years	47	21.60
<u>Education</u>		
Plus 2	8	3.70
Bachelors	68	31.20
Masters	142	65.10
Others	–	–

Reliability Analysis

Before performing statistical analysis, Cronbach's Alpha Test was used to ensure internal reliability of the questionnaire. Reliability ensures the consistency in measurement across various items in the instrument. The results of the reliability analysis are presented in **Table-**

3 and all values are higher than 0.70—meaning that the chosen scales are appropriate to use in the study.

From the Multifactor Leadership Questionnaire (MLQ), certain output items such as effectiveness, extra effort, and satisfaction, were excluded while determining output. Hence, a total of 58 questions (indicators) alone were used in testing the results as shown in **Table-3**.

Table-3: Values of Cronbach Alpha for Different Instruments

Instruments	Number of statements	Cronbach's Alpha
Transactional Leadership	16	0.790
Transformational Leadership	20	0.911
Individual Innovative Behavior	09	0.899
Knowledge Sharing	07	0.868
Empowerment	06	0.871

Source: Designed by the researcher based on the results from the empirical research extracted from SPSS

- **Levels of Leadership Styles (LS), Knowledge Sharing (KS), Empowerment (ET), and Individual Innovative Behavior (IIB)**

The minimum, maximum, skewness, and kurtosis of variables under study are presented in **Table-4**. To test the normality of data, Skewness and Kurtosis Tests were used as they are the indicators to see if the variables are normally distributed (Falola, Osibanjo, & Oja, 2014). Threshold values for skewness are ± 3 and those for kurtosis are ± 10 (Kline, 1998, as cited in Musil, Warner, Yobas, & Jones, 2002), and they were found within the acceptable range as per the rule of thumb.

Table-4: Descriptive Statistics of Variables under study (N=218)

Variables	Minimum	Maximum	Skewness	Kurtosis	Mean	SD
1. Transactional Leadership	0.00	4.00	0.355	0.465	2.128	0.583
2. Transformational Leadership	0.00	4.00	-0.888	1.160	2.731	0.612
3. Knowledge Sharing	1.00	7.00	-1.061	1.371	5.744	0.868
4. Empowerment	1.00	7.00	-0.996	0.740	5.529	0.947
5. Individual Innovative Behavior	1.00	7.00	-1.053	1.109	5.218	0.863

- **Comparisons among Different Groups**

To determine whether there is a statistically significant difference between the means of two or more unrelated sub-groups, various tests were conducted. For this, demographic variables such as age, position, number of years in the job, and educational qualification were considered in this study and were divided into different sub-groups. For comparing different

groups, One-way ANOVA test was performed to understand whether there is a difference in Leadership Styles (LS), KS, ET, and IIB based on demographic variables under the study. Since all the demographic variables have more than two unrelated groups, Independent t-test was not performed. The results are presented in the following sections:

- **Effect of Gender on Leadership Styles (LS), Knowledge Sharing (KS), Empowerment (ET), and Individual Innovative Behavior (IIB)**

One-way ANOVA was applied to examine the effect of gender on LS, KS, ET, and IIB, gender was divided into three subgroups i.e., Male, Female, and Others. **Table-5** shows the results from the descriptive statistics and **Table-10** shows the F-statistics result from one-way ANOVA. The results (**Table-10**) show that the 'gender' is having a statistically significant difference among LS and ET. They also indicate that the male employees perceive their people manager as Transactional Leaders than their female counterparts. Likewise, male employees perceive their leaders to be Transformational Leaders. Further, no significant difference is seen with the dependent variable viz., IIB. It indicates that there is no difference in perception regarding IIB for either of the genders. Similarly, KS is also insignificant in the results, which show no difference in perception towards the mediating variable. Participating genders did not find difference in terms of KS. However, results show significant difference in-terms of ET with regard to gender in which male participants are considered to be more empowered than the female participants.

Table-5: Descriptive Statistics: Gender

Variables	Gender	N	Mean	SD
Transactional Leadership	Male	107	2.35	0.56
	Female	111	1.91	0.52
	Total	218	2.12	0.58
Transformational Leadership	Male	107	2.84	0.59
	Female	111	2.62	0.62
	Total	218	2.73	0.61
Knowledge Sharing	Male	107	5.82	0.85
	Female	111	5.67	0.88
	Total	218	5.74	0.87
Empowerment	Male	107	5.69	1.03
	Female	111	5.37	0.83
	Total	218	5.53	0.95
Individual Innovative Behavior	Male	107	5.23	0.93
	Female	111	5.19	0.79
	Total	218	5.21	0.86

Note: Gender: Male, Female, Others

- **Effect of Age on Leadership styles, Knowledge Sharing (KS), Empowerment (ET), and Individual Innovative Behavior (IIB)**

In this study, age group of participants was divided into four sub-groups i.e., less than 30, 31-40, 41-50, and more than 50 to identify the influence of age on the variable under study. **Table-6** shows the descriptive statistics and **Table-10** shows F-statistics results from One-way ANOVA examining the effect of age on LS, KS, WT, and IIB. As there are more than two categories, One-way ANOVA was conducted.

Table-6: Descriptive Statistics: Age

Variables	Age Group	N	Mean	SD
Transactional Leadership	less than 30	133	2.16	0.61
	31-40	77	2.10	0.52
	41-50	8	1.81	0.35
	Total	218	2.12	0.58
Transformational Leadership	less than 30	133	2.73	0.60
	31-40	77	2.72	0.65
	41-50	8	2.69	0.30
	Total	218	2.73	0.61
Knowledge Sharing	less than 30	133	5.55	0.92
	31-40	77	6.00	0.66
	41-50	8	6.42	0.66
	Total	218	5.74	0.86
Empowerment	less than 30	133	5.34	1.01
	31-40	77	5.79	0.76
	41-50	8	6.06	0.66
	Total	218	5.52	0.94
Individual Innovative Behavior	less than 30	133	5.09	0.91
	31-40	77	5.41	0.76
	41-50	8	5.34	0.31
	Total	218	5.21	0.86

Note: Age: less than 30, 31-40, 41-50, more than 50

The results from One-way ANOVA in **Table-10** indicate that there is a statistically significant difference among employees of different age groups on KS, ET, and IIB. Descriptive statistics indicate that employees between 41-50 years of age perceive KS more important than those from the other age groups. With the highest mean value of 6.42, employees at this age tend to be at higher positions and would like to collaborate with others to solve problems for better outcomes. Similarly, employees between 31-40 years of age also perceive KS as an important tool than those who are below 30 years of age. Similarly, descriptive statistics reveals that employees between 41-50 years of age perceive that they are empowered enough to perform their jobs. With the increase in age group, the ET gets increased and this might be due to an elevation in their job positions. Likewise, employees between 31-40 years of age perceive more IIB than those from other age groups. Employees at this age in their mid-career tend to come up with and demonstrate more innovative ideas in order to become successful in their jobs.

- **Effect of Position on Leadership Styles (LS), Knowledge Sharing (KS), Empowerment (ET), and Individual Innovative Behavior (IIB)**

To identify the impact of 'position' on LS, KS, ET, and IIB, 'position' was divided into three main groups, i.e., Assistant, Officer, and Manager. In order to find out if a statistically significant difference exists among these groups, descriptive statistics and F-statistics are presented in **Table-7** and **Table-10** respectively. The results in **Table-10** reveal that there is a statistically significant difference among the different position groups on their perception on KS, ET, and IIB.

The descriptive statistics in **Table-7** shows that employees in manager positions perceive more KS than those at assistant and officer positions. KS in this position helps them grow in their job and also strengthens work relationships. Similar to the results in various age groups, the results in this category also reveal that with increase in age and position, the perception towards KS and ET is also more. The results also indicate that employees at officer positions perceive more IIB than those at assistant and manager positions. Employees in this position tend to work on new ideas and search for solutions to issues and also work on the applicability of their ideas.

Table-7: Descriptive Statistics: Position

Variables	Position	N	Mean	SD
Transactional Leadership	Assistant	98	2.19	0.64
	Officers	91	2.08	0.55
	Managers	29	2.04	0.44
	Total	218	2.12	0.58
Transformational Leadership	Assistant	98	2.68	0.66
	Officers	91	2.83	0.46
	Managers	29	2.55	0.77
	Total	218	2.73	0.61
Knowledge Sharing	Assistant	98	5.43	1.03
	Officers	91	5.94	0.59
	Managers	29	6.17	0.56
	Total	218	5.74	0.86
Empowerment	Assistant	98	5.26	1.06
	Officers	91	5.75	0.76
	Managers	29	5.70	0.82
	Total	218	5.52	0.94
Individual Innovative Behavior	Assistant	98	4.99	1.03
	Officers	91	5.53	0.48
	Managers	29	4.99	0.89
	Total	218	5.21	0.86

- **Effect of NOY on Leadership Styles (LS), Knowledge Sharing (KS), Empowerment (ET), and Individual Innovative Behavior (IIB)**

In this study, to identify the influence of Number of Years in the job (NOY) on LS, KS, ET, and IIB, NOY was divided into four groups: (i) Less than 2 years, (ii) 3-5 years, (iii) 6-10 years, and (iv) More than 10 years. To check if there exists a statistically significant difference among sub-groups of NOY with the variables under study, **Table-8** presents the descriptive statistics and **Table-10** presents the results of One-way ANOVA.

The number of sub-groups being more than two, One-way ANOVA was conducted. The results reveal that a significant difference exists among different sub-groups on TFL Style, KS, ET, and IIB. The descriptive statistics in **Table-8** and results from **Table-10** show that employees having work experience of 6-10 years perceive their leaders to be Transformational Leaders more than those in other sub-groups.

Table-8: Descriptive Statistics: Number of years in the Job (NOY)

Variables	NOY	N	Mean	SD
Transactional Leadership	0 - 2 Years	97	2.14	0.59
	3 - 5 Years	42	2.23	0.60
	6 - 10 years	32	2.06	0.66
	More than 10 years	47	2.05	0.45
	Total	218	2.12	0.58
Transformational Leadership	0 - 2 Years	97	2.66	0.55
	3 - 5 Years	42	2.82	0.67
	6 - 10 years	32	2.98	0.54
	More than 10 years	47	2.61	0.67
	Total	218	2.73	0.61
Knowledge Sharing	0 - 2 Years	97	5.57	0.98
	3 - 5 Years	42	5.48	0.64
	6 - 10 years	32	6.08	0.71
	More than 10 years	47	6.10	0.69
	Total	218	5.74	0.86
Empowerment	0 - 2 Years	97	5.15	1.08
	3 - 5 Years	42	5.59	0.54
	6 - 10 years	32	6.03	0.73
	More than 10 years	47	5.90	0.73
	Total	218	5.52	0.94
Individual Innovative Behavior	0 - 2 Years	97	5.03	1.03
	3 - 5 Years	42	5.39	0.45
	6 - 10 years	32	5.53	0.73
	More than 10 years	47	5.22	0.75
	Total	218	5.21	0.86

Results of **Table-10** also indicate that employees who have work experience of 6-10 years perceive their leaders at higher level on TFL, ET, and IIB than those from any other sub groups within the category. Similarly, descriptive statistics in **Table-8** shows that employees with increasing years of work experience perceive their leaders to be more in KS and the difference is confirmed by value of 7.463 on KS for employees having different years of work experience. With an increased number of years of experience, employees have more knowledge to share that can facilitate creativity in the workplace.

- **Effect of Educational Qualification on Leadership Styles, Knowledge Sharing (KS), Empowerment (ET) and Individual Innovative Behavior (IIB)**

To check the effect of educational qualification on LS, KS, ET, and IIB, education variable was categorized into four sub-groups—Intermediate, Bachelor, Master, and others. Since the sub-group consists of more than 2 groups, One-way ANOVA was conducted. **Table-9** shows the descriptive statistics for each group and **Table-10** shows the One-way ANOVA results.

They suggest that a statistically significant difference exists among the sub-groups of education on TL, KS, ET, and IIB. From the descriptive statistics in **Table-9**, it is evident that the employees whose highest level of education is plus two perceive their leaders to be more transactional compared to other sub-groups with higher education qualification. Likewise, employees with increasing educational qualification perceive their leaders to be more on KS, ET, and IIB.

Table-9: Descriptive Statistics: Educational Qualification

Variables	Education	N	Mean	SD
Transactional Leadership	Plus 2	8	2.57	0.79
	Bachelors	68	2.01	0.51
	Masters	142	2.15	0.59
	Total	218	2.12	0.58
Transformational Leadership	Plus 2	8	2.94	0.28
	Bachelors	68	2.65	0.58
	Masters	142	2.75	0.63
	Total	218	2.73	0.61
Knowledge Sharing	Plus 2	8	4.69	1.52
	Bachelors	68	5.55	0.86
	Masters	142	5.89	0.76
	Total	218	5.74	0.87
Empowerment	Plus 2	8	4.45	1.32
	Bachelors	68	5.28	1.01
	Masters	142	5.70	0.82
	Total	218	5.52	0.95
Individual Innovative Behavior	Plus 2	8	4.06	1.44
	Bachelors	68	5.06	0.84
	Masters	142	5.35	0.78
	Total	218	5.21	0.86

To check if there exists a statistically significant difference among sub-groups of NOY with the variables under study, **Table-9** presents the descriptive statistics and **Table-10** presents the results of One-way ANOVA. The number of sub-groups being more than two, One-way ANOVA was conducted. The results reveal that a significant difference exists among different sub-groups on TFL Style, KS, ET, and IIB.

- **Relationship among Leadership Styles, Knowledge Sharing (KS), Empowerment (ET) and Individual Innovative Behavior (IIB)**

This study has measured the strength of the relationship among the variables under study using Pearson Correlation Analysis.

The Pearson Coefficients of correlation between the antecedents, and moderating, mediating, and outcome variables are shown in **Table-11**. Furthermore, mean and standard deviation are also given in the same table. Results in **Table-11** demonstrate the results of correlation among the different variables under study. The tabulated data in **Table-11** reveals that all the relationships are statistically positive and significant.

Table-10: One-way ANOVA among the Demographic Variables

Variable	Gender	Age	Position	NOY	Education
Transactional Leadership	37.242**	1.509	1.249	0.9	3.985*
Transformational Leadership	7.483**	0.028	2.716	3.254*	1.157
Knowledge Sharing	1.641	9.677**	13.921**	7.463**	10.381**
Empowerment	6.525*	7.101**	7.379**	12.082**	10.608**
Individual Innovative Behavior	0.120	3.512*	11.33**	3.635*	10.861**

Note: The number in the tables are values of F –statistics, NOY: Number of years in the job, *p<0.05, **p<0.01

Table-11: Mean, Standard Deviations, and Correlations of TL, TFL, KS, ET, and IIB (N=218)

Dimensions	Mean	SD	1	2	3	4	5
Transactional Leadership	2.13	0.58	1				
Transformational Leadership	2.73	0.61	.365**	1			
Knowledge Sharing	5.74	0.87	-0.115	.249**	1		
Empowerment	5.52	0.95	0.035	.498**	.667**	1	
Individual Innovative Behavior	5.21	0.86	.142*	.419**	.626**	.612**	1

Note: ** Correlation is significant at p<0.01 level (2-tailed)

Transformational (TFL) and Transactional (TL) Leadership styles were measured on a 5-point scale ranging from 0 (Not at all) to 4 (Frequently, if not always) and the remaining three dimensions were measured on a 7-point scale. In comparison to all the dimensions, TL is perceived at a lower level, with mean value of 2.13. It reveals that the employees' perceptions of TL Style in the organization are lower than those for TFL Style. The results suggest that TFL Style is a major contributing factor in IIB of the employees. The mean value and standard deviation of KS are 5.74 and 0.87 which suggest that employees are supported with the KS practice in their respective organizations.

Likewise, the value of the mean of ET is 5.52, which also reveals that employees are being empowered to perform their jobs. And, the mean value of IIB is 5.21, which indicates that employees perceive that they are given enough space for letting their creative juices to flow. Also, individuals are the one who develop, enable, research, and implement ideas for the organization. The statistical results in **Table-11** reveal the relationship among TL Style,

TFL Style, KS, ET, and IIB are significant and the nature of relationship is positive. Overall, the tabulated data in **Table-11** indicates a fair, positive, and significant relationship with the dependent variable IIB as well and those relationships are strong enough to test the proposed hypotheses.

5. ASSESSMENT OF THE MEDIATING EFFECTS

Knowledge sharing is assumed as a mediating variable in this study. To test if knowledge sharing mediates the relationship between leadership styles and individual innovative behavior simple mediation analysis is used, by determining the indirect effect of transformational and transactional leadership on individual innovative behavior through knowledge sharing. According to Hayes (2013), “mediation analysis is a statistical method used to help answer the questions as to how some causal agent X transmits its effect on Y.” We used bootstrapping through Process Model—4 controlling demographic variables gender, age, position, NOY and education as covariates to examine mediation effect. The model suggests that, to mediate, zero should not lie between the indirect effect’s 95% bootstrap confidence interval and if it does, the mediation relationship will be rejected.

- **Mediating effect of Knowledge Sharing (KS) for effect of Transactional Leadership (TL) on Individual Innovative Behavior (IIB)**

The results of simple mediation model and bootstrapping confidence intervals are presented in the **Table-11** above. Simple mediation model suggested by Hayes (2018) was followed to examine mediating effect of knowledge sharing on the relationship of transactional leadership style on individual innovative behavior. As shown below in **Table-12**, with $F=28.806$ shows the model is fit and statistically significant at $p=0.000$. In the same table, **Table-12**, model information shows that transactional leadership significantly predicts individual innovative behavior with knowledge sharing, as $b = 0.386$, $t = 4.727$, $p = 0.000$. In addition, knowledge sharing also statistically significantly predict individual innovative behavior with transactional leadership style with $b = 0.665$, $t = 11.339$, $p=0.000$. Likewise, control variable gender with $p = 0.019$ is significant and it has some effect on dependent variable. The information on last part of same **Table-12** includes indirect effect of X on Y through M and represents model with the relationship between transactional leadership and individual innovative behavior being mediated by knowledge sharing. In structural model, the results indicate significant negative indirect effect. The effect is -0.144 with bootstrapped standard error (BootSE) of 0.076 and a 90% confidence interval (BootLLCI – BootULCI) ranging from -0.266 to -0.019 . It indicates that with knowledge sharing the effect of transactional leadership on innovative behavior is reduced by a level of 0.144 . Hence it partially eliminates the positive effect of transactional leadership on innovative behavior. The confidence interval shows that zero does not lie between the bootstrapping lower and upper confidence interval hence mediation does exist thus supporting **H₂**. The **Table-13** shown below presents the results of simple mediation model conducted to examine mediating effect of knowledge sharing on transformational leadership and individual innovative behavior. Process model four was employed to check the mediation effect. In the **Table-13**, independent variable transformational leadership and mediating variable knowledge sharing predicting individual innovative behavior are shown.

The model is fit with $F = 30.735$ statistically significant at $p=0.000$. Similarly, the results indicate that transformational leadership significantly predicts individual innovative behavior with knowledge sharing, as $b = 0.414$, $t = 4.507$, $p = 0.000$. In addition, knowledge sharing also significantly predicts individual innovative behavior with $b = 0.547$, $t = 8.877$, $p = 0.000$.

Table-12: Mediating effect of KS for effect of TL on IIB

Variable	Coefficient	SE	t	p
const	-0.023	0.447	-0.052	0.968
Knowledge Sharing	0.665	0.055	12.099	0.000
Transactional Leadership	0.386	0.083	4.665	0.000
Gender	0.229	0.097	2.366	0.019
Age	0.114	0.120	0.950	0.343
Position	-0.130	0.083	-1.581	0.115
NOY	-0.046	0.059	-0.772	0.441
Education	0.157	0.088	1.776	0.077
Indirect effect of X on Y through M				
	Effect	Boot SE	BootLLCI	BootULCI
Knowledge Sharing	-0.144	0.076	-0.266	-0.019
R ²				0.472
F			26.802***	0.000

Note: *P<0.10; **P<0.05; ***P<0.01

*X-Transactional Leadership; Y-Individual innovative behavior; M- Knowledge sharing; NOY-Number of years in the job Mediating effect of Knowledge Sharing (KS) concerning the Effect of Transformational Leadership (TFL) on Individual Innovative Behavior (IIB)

Table-13: Mediating effect of KS concerning the Effect of TFL on IIB

Variable	Coefficient	SE	t	p
const	0.350	0.402	0.870	0.386
Knowledge Sharing	0.547	0.062	8.877	0.000
Transformational Leadership	0.414	0.092	4.507	0.000
Gender	0.127	0.082	1.543	0.124
Age	0.107	0.122	0.877	0.382
Position	-0.111	0.099	-1.124	0.262
NOY	-0.056	0.054	-1.050	0.295
Education	0.212	0.106	2.006	0.046
Indirect effect of X on Y through M				
	Effect	Boot SE	Boot LLCI	Boot ULCI
Knowledge Sharing	0.187	0.062	0.077	0.322
R ²				0.494
F			30.735***	0.000

Note: *P<0.05; **P<0.01; ***P<0.001

The relationship was examined by controlling the effects of demographic variables and the results show that only education is significant with $p = 0.04$. It shows that only education has effect on dependent variable. The information on the last part of **Table-13** includes indirect effect of X on Y through M and represents model with the relationship between transformational leadership and individual innovative behavior being mediated by knowledge sharing. The effect is 0.187 with bootstrapped standard error (BootSE) of 0.062 and a 95% confidence interval (BootLLCI – BootULCI) ranging from 0.077 to 0.322. The indirect effect's confidence interval indicates that zero does not lie between the

bootstrapping lower and upper confidence interval. It indicates that transformational leadership further influences innovative behavior of employees through knowledge sharing by additional level of 0.187, thus supporting **H₁**.

- **Assessment of the Mediating Effect of Empowerment**

Empowerment is assumed as mediating variable in this study. To test if empowerment mediates the relationship between leadership styles and individual innovative behavior, process model 1 suggested by Hayes (2018) was employed. In the present study, 95% of bias-corrected bootstrap confidence interval of the direct and indirect effects was obtained with 5000 number of bootstrap resample. We used bootstrapping through Process Model-4 controlling demographic variables gender, age, position, NOY and education as covariates to examine mediation effect. The model suggests that, to mediate, zero should not lie between the indirect effect's 95% bootstrap confidence interval and if it does, the mediation relationship will be rejected.

Table-14: Mediating Effect of ET concerning the Effect of TL Style on IIB

Variable	Coefficient	SE	t	p
const	0.451	0.438	1.031	0.304
Empowerment	0.593	0.052	11.417	0.000
Transactional Leadership	0.274	0.084	3.261	0.001
Gender	0.285	0.100	2.854	0.005
Age	0.289	0.123	2.347	0.020
Position	0.061	0.083	0.738	0.462
NOY	-0.214	0.062	-3.441	0.001
Education	0.160	0.090	1.763	0.079
Indirect effect of X on Y through M				
	Effect	Boot SE	BootLLCI	BootULCI
Empowerment	-0.032	0.073	-0.177	0.111
R ²				0.447
F			24.243***	0.000

Note: *P<0.05; **P<0.01; ***P<0.001

- **Mediating Effect of Empowerment concerning the Effect of Transactional Leadership (TL) Style on Individual Innovation Behavior**

Results in Table-14 presented below show the indirect effect of transactional leadership on individual innovative behavior through empowerment is -0.032. the indirect effect's confidence interval indicates that zero lies between bootstrapping lower and upper confidence interval (LLCI = -0.0177 and ULCI = 0.111). This signifies that empowerment did not mediate the relationship between transactional leadership and individual innovative behavior of employees, thus rejecting H₄.

The result from Table-12 also show that transactional leadership significantly predicts individual innovative behavior with empowerment, as $b = 0.274$, $t = 3.261$, $p = 0.001$. In addition, empowerment also significantly predicts individual innovative behavior with transactional leadership style with $b = 0.593$, $t = 11.417$, $p = 0.000$.

- **Mediating Effect of Empowerment (ET) concerning the effect of Transformational Leadership (TFL) Style on Individual Innovative Behavior (IIB)**

In the **Table-15**, independent variable transformational leadership and mediating variable empowerment predicting individual innovative behavior are shown. The model is fit with F

= 23.511 statistically significant at $p = 0.000$. Similarly, the results indicate that transformational leadership significantly predicts individual innovative behavior with empowerment, as $b = 0.239$, $t = 2.766$, $p = 0.006$. In addition, empowerment also significantly predicts individual innovative behavior with $b = 0.502$, $t = 8.277$, $p = 0.000$. The relationship was examined by controlling the effects of demographic variables and the results show that age, education and NOY is significant with $p = 0.044$, $p = 0.022$ and $p = 0.002$ respectively.

Table-15: Mediating Effect of ET on Impact of TFL Style on IIB

Variable	Coefficient	SE	t	p
const	0.944	0.381	2.480	0.014
Empowerment	0.502	0.061	8.277	0.000
Transformational Leadership	0.239	0.086	2.766	0.006
Gender	0.180	0.092	1.947	0.053
Age	0.249	0.123	0.029	0.044
Position	0.048	0.083	0.581	0.562
NOY	-0.192	0.063	-3.072	0.002
Education	0.209	0.091	2.302	0.022
Indirect effect of X on Y through M				
	Effect	Boot SE	BootLLCI	BootULCI
Empowerment	0.363	0.068	0.242	0.505
R ²				0.439
F			23.511***	0.000

Note: * $P < 0.05$; ** $P < 0.01$; *** $P < 0.001$

The information on the same **Table-13** includes indirect effect of X on Y through M and represents model with the relationship between transformational leadership and individual innovative behavior being mediated by empowering. The effect is 0.363 with bootstrapped standard error (BootSE) of 0.068 and a 95% confidence interval (BootLLCI – BootULCI) ranging from 0.242 to 0.505. The indirect effect's confidence interval indicates that zero does not lie between the bootstrapping lower and upper confidence interval. It indicates that transformational leadership further influences innovative behavior of employees through empowerment by additional level of 0.363, thus supporting **H₃**.

To sum up, the tabulated results of correlation among the different variables under study revealed that all the relationships are statistically positive and significant.

- **Assessment of Mediating Effect:** To test if KS mediates the relationship between leadership styles and IIB, simple mediation analysis is used by determining the indirect effect of TL and TFL on IIB through KS. Mediating effects of KS for effect of (i) TL on IIB and (ii) TFL on Individual Innovative Behavior were assessed statistically.
- **Assessment of Mediating Effect of Empowerment (ET):** ET is assumed as a mediating variable in this study. To test if ET mediates the relationship between leadership styles and IIB, Process Model 1 suggested by Hayes (2018) was employed. In the present study, 95% of bias-corrected bootstrap confidence intervals of the direct and indirect effects were obtained with 5000 number of bootstrap resample.

Researchers used bootstrapping through Process Model 4 controlling demographic variables of gender, age, position, NOY, and education as covariates to examine mediation effects. The model suggests that, to mediate, zero should not lie between the indirect effect's 95% bootstrap confidence interval and if it does, the mediation

relationship will be rejected. Mediating Effects of ET concerning the effect of (i) TL style on IIB and (ii) TFL on Individual Innovative Behavior were computed.

Summary of Hypotheses Testing Results: Using appropriate statistical analyses, two hypotheses each were used to examine and check the mediation relationship and moderation relationship.

- H1: The relationship between Transformational Leadership (TFL) and Individual Innovative Behavior (IIB) is mediated by Knowledge Sharing (KS)—**Supported**.
- H2: The relationship between Transactional Leadership (TL) and IIB is mediated by KS—**Supported**.
- H3: The relationship between TFL and IIB is mediated by Empowerment (ET)—**Supported**.
- H4: The relationship between TL and IIB is mediated by ET—**Rejected**.

6. SUMMARY, DISCUSSION, AND IMPLICATIONS

This Section discusses the analysis of the data in relation to the research propositions set out in Section-III and the results obtained in Section-IV. It illuminates other findings pertinent to the discussion besides providing practical and research implications of the study. Suggestions for further research and a critique of the study are also presented.

- **Summary of Findings**

The summary results of correlation and regression analysis related to the study are:

1. The means of study variables are: (i) Transactional Leadership (TL)—2.13; (ii) Transformational Leadership (TFL)—2.73; (iii) Knowledge Sharing (KS)—5.74; (iv) Empowerment (ET)—5.52, and (v) Individual Innovative Behavior (IIB)—5.21.
2. To test the normality, the values of Skewness and Kurtosis are calculated and both of them are within the acceptable range of ± 3 and ± 10 respectively.
3. The one-way ANOVA indicates that there is statistically significant difference among male and female employees on TL, TFL, and ET. Males consider their leaders to be using TFL style and acting as TL Managers than their female counterparts. Likewise, males perceive themselves more empowered than female employees.
4. The one-way ANOVA indicates employees of the age group between 41-50 show higher inclination to KS and ET than other age groups. With the highest mean value of 6.42, employees at this age and occupying higher positions would like to collaborate with colleagues for better outcomes. At this age, they also perceive they are empowered enough to perform their jobs.
With the increased age bracket, the mean value of ET has gradually risen which may be due to their increased job positions. Similarly, those of the 31-40 age groups perceive to be exhibiting more IIB than those from other age groups. Employees at this age in their mid-career tend to demonstrate more innovative ideas to be able to succeed in their jobs.
5. The descriptive statistics shows that employees in manager position perceive more KS than employees at assistant and officer positions. KS in this position helps them grow in their job and also strengthens work relationships.
These results indicate that employees at officer positions (with a mean value of 5.53) perceive more IIB than employees at assistant and manager position. Employees in this position have the tendency to explore new ideas and search solutions to issues.
6. The results in one-way ANOVA reveal that there exists a significant difference among different sub groups of NOY on TFL, KS, ET, and IIB. The descriptive statistics indicate that employees with more than 10 years of work experience

perceive more KS followed by employees with 6-10 years of experience. With increased number of years of experience, employees have more knowledge to share that can facilitate creativity in the workplace. Similarly, employees who have work experience of 6-10 years have more statistically significant differences on TFL, ET, and IIB than any other sub groups in the category.

7. The one-way ANOVA suggests that there exists a statistically significant difference among sub groups of education on TL, KS, ET, and IIB. From the descriptive statistics, employees whose highest level of education is plus two perceive their leaders to be using more TL style compared to other sub groups with higher education qualification. Likewise, employees with master's education qualification perceive more on KS, ET, and IIB.
8. Correlation analysis shows that the relationship among TL style, TFL style, KS, ET, and IIB are significant and the nature of relationship is positive.
9. Mediation analysis shows KS significantly mediates the relationship between TL and IIB.
10. The mediation analysis shows that KS significantly mediates the relationship between TFL style and IIB.
11. Confidence interval of the indirect effects indicates that zero does not lie between the bootstrapping lower and upper confidence interval. Hence, KS mediates the relationship between TRS style and IIB.
12. ET, as a mediator, did not mediate the relationship between TL style and IIB.
13. ET mediated the relationship between TFL style and IIB.

Overall, the findings indicated that KS does mediate the relationship between TL and IIB as well as between TFL and IIB. Further, ET did mediate the relationship between TFL style and IIB. However, ET did not mediate the relationship.

• Discussion

Many studies examined the ties between LS and KS at an organizational level. Several studies suggested that individuals are inclined to certain work attitudes and behaviors (e.g., Judge and Bono, 2001). However, only a few studies have empirically examined the role of individual personality or dispositions in KS. This study could contribute to the existing literature by examining KS and ET from an individual employee's perspective. The results of the study show that KS mediates the relationship between TL and IIB. They are consistent with the results from the study of Hussain et al., (2017) and those with the results reported by other researchers (Li et al., 2014; Liu and DeFrank, 2013; Shao et al., 2012). Bradshaw et al., (2015) revealed that Transformational Leadership (TFL) is positively associated with all the dimensions of KS. Baytok, Kurt & Zorlu (2014) study demonstrates that TFL has a positive relationship with KS practices.

Also, a related study by Yaghoubi et al. (2014) found that TFL has a positive influence on knowledge creation and KS. Therefore, sharing and exchanging information among employees would increase innovation and creativity in an organization. A leader must consider individual employees, create a supportive working atmosphere, and act as a counselor (Yukl, 2006) to establish an emotional bond to preserve and create a KS environment. In this study, descriptive statistics reveal that employees between 41-50 years of age perceive that they are empowered enough to perform their jobs. With the increased age bracket, the mean value of ET has gradually risen. This may be due to the fact that they are working at higher job positions. Although TL positively affects IIB, surprisingly the positive impact of TL on IIB gets slightly decreased with the presence of the mediating variable i.e., KS. One possible reason for this could be that TL brings innovativeness but not through KS but through rewards and punishment. Generally, everyone is focused on their own self and individual being and probably is also competitive and hence don't consider KS

across fellow employees as important. This implies that in private commercial banks where leadership is perceived to be transactional (carrot/stick) type, they will not be able to induce IIB through KS in the same level they would have induced the same without it. The results of this study show a negative and an indirect effect which contradicts with the results of Amabile (1983). According to him, transactional leadership style may be appropriate for demonstrating KS behavior and providing recognitions and rewards and for bringing a deeper understanding for organizational creativity. Liao, 2008 also found that there is a positive relationship between the employee's perception for manager's knowledge and expertise and control of rewards for desired behavior to employees' self-reported KS.

From extant literature, we find studies that show a significant relationship between TL and the effectiveness of the leader which ultimately yields positive work outcomes or performance (Avolio & Howell, 1992). However, when comparing it with TFL, TL seems to have a negative relation with IIB when KS is included. One possible explanation for this could be that this TL Style is more task-oriented and promotes *status quo* for achieving the desired performance which may not seem appropriate for innovation. A transactional leader clarifies expectations and gives feedback about meeting these expectations, it will indicate the leader's predilections (Pieterse *et al.*, 2010). The perception of these leader's preferences is likely to have some bearing on followers, diverting them from their own innovative endeavors. TL is more related to rewards, recognition, and exchange between leaders and followers. From statistics, we can observe that the majority of the participants were below 30 years holding either assistant or officer positions in their organization. Due to their job position, it is possible that due to higher tendency of KS, the employees may tend to think mechanically rather than using their creativity. Jung (2001) found that subordinates who are under the control of a transactional leader will show less creativity than the ones who are under the control of a transformational leader.

In this study, the majority of employees at their respective job positions perceive their leaders as transactional as well. Hence, it may be assumed that though they may have a great relation with their leaders in terms of task fulfillment, in the process of fulfilling leader's orders they might not be inclined towards new idea generation even if there is KS in the team. The findings of this study show that KS mediates the relationship between TFL and IIB in these select private commercial banks. The findings are consistent with the results reported by other researchers (Li *et al.*, 2014; Liu and DeFrank, 2013; Shao *et al.*, 2012). Bradshaw *et al.* (2015) revealed that TFL is positively associated with all the dimensions of KS. Baytok, Kurt & Zorlu (2014) study demonstrates that TFL has a positive relationship with KS practices.

Also, a related study by Yaghoubi *et al.* (2014) found that TFL has a positive influence on knowledge creation and sharing. TFL has been extensively explored on this theme in the past. Transformational leaders are understood to promote and boost innovative activity within the organization. They have charisma, intellectual stimulation, and individualized consideration of employees who can foster cultures of shared vision and knowledge. Bryant (2003) has rightly reasoned that transformational leaders create an atmosphere conducive to knowledge creation and sharing by using charisma and encouraging intellectual development. Innovation and creativity themselves are the outcomes of information and knowledge that are available about a given area of focus (Lee *et al.*, 2015; Ritala *et al.*, 2015). Therefore, sharing and exchanging information among employees would increase innovation and creativity in an organization. Descriptive statistics indicate that employees between 41-50 years of age perceive more KS among their leaders than what those from the other age groups perceive. With the highest mean value of 6.42, employees at this age are assumed to have reached higher positions and would like to collaborate with colleagues for better outcomes. As mentioned by Sammarra, Profili,

Maimone & Gabrielli (2017), older workers may not be as focused on knowledge acquisition, but they are likely to have a stronger motivation to share their knowledge with other colleagues. Hence, organizations can organize sessions where senior members can share their knowledge and life experiences that can help other members. As rightly mentioned by Burmeister & Deller (2016), organizations should provide opportunities for older members to engage in knowledge-sharing behaviors. Similarly, employees in the age group between 31-40 years perceive more innovative behavior than those from the other age groups.

Employees at this age are expected to be in their mid-career and tend to demonstrate more innovative ideas so they can succeed in their job. These younger workers are more likely to be motivated to acquire new knowledge and may be more prone to engage in knowledge exploration activities that are particularly beneficial for generating creative ideas and radical innovations Sammara *et al.* (2017). The results also show that employees in manager positions perceive more KS than employees at assistant and officer positions. KS in these positions helps them grow in their job and also strengthens work relationships. This research emphasizes the idea that in banking sector in general and particularly in these private sector banks, an expressive bond to encourage KS is possible if the leader is capable of becoming an individual or charismatic inspiration so that subordinates respect their leaders. Moreover, a leader must consider individual employees, create a supportive working atmosphere, and act as a counselor (Yukl, 2006) to establish an emotional bond to preserve and create a knowledge sharing environment. In this study, descriptive statistics reveal that employees between 41-50 years of age perceive they are empowered enough to perform their jobs successfully.

With the increased age bracket, the mean value of empowerment has gradually risen and this may be due to their working at higher job positions. Empowerment is a kind of power sharing process that transpires when a leader gives a subordinate autonomy to determine independently how to perform their responsibilities. This process helps an employee wear their thinking cap and perform their task innovatively. In this study, the results show that TFL Style, through empowerment, predicts IIB. Different studies have shown that there is positive relationship between TFL and ET; and so it is between ET and IIB but only few studies incorporate the mediating role of ET. Most of the empirical studies provide evidence on the impact of ET on individual creativity and innovation (Zhang & Bartol, 2010). For example, ET of followers has been taken as one of the consequences of TFL such that those followers are converted into effective leaders.

Followers can be empowered by words of encouragement and positive persuasion from the leader, and by a leader who acts as a role model (Bass, 1985). Transformational Leaders can also empower followers by providing positive emotional support during times of stress and also opportunities to experience mastery of the task. Moreover, empowering team members by providing them with autonomy to manage their work would arguably facilitate their work-related learning and finally leading them to be creative. One of the reasons as to why the private banks are the first choice for a job seeker could be due to the fact that they are provided authority to act responsibly within the limits of authority. All the employees have standardized job descriptions and delegation of authority where they can act and apply their expertise on the given job. The employees are aware of the felt obligation that they are expected to act based on their authority. By this, private sector banks in general can think of ideas where they can excel at their respective jobs. Due to this, they also emerge as the one of the biggest employers with thousands of employees working for them. Moreover, granting employees the power to perform their tasks enhances their motivation, job satisfaction, organizational commitment, and social exchange relations (Maynard *et al.*, 2012; Patel & Cardon, 2010). Empowerment enables more employees to feel confident in

their work and strengthens their creativity and ability to solve problems (Kelley et al., 1996), as a result of displaying a high degree of innovative behavior. Supporting this is the study done by Epitropaki & Martin (2005) who found that by empowering employees, transformational leaders can create a perception among followers that they are important members of the organization.

Their findings also suggest that ET does not mediate the relationship between TL and IIB of the employees. One possible explanation could be the leadership style practiced by the organization. TL is perceived as an exchange-based association between leader and employees. For this very same reason, this type of TL behavior is considered as discouraging and decreasing innovative performance (Yukl, 1999). TL Style rests upon rewards and punishment which may be a barrier for employees to explore their innovative side. An overreliance on rewards and punishments will create the perception of lack of delegation and trust among employees (Bass & Avolio, 1997). So, those banks where leadership is perceived to be transactional in character, leaders are not able to induce IIB ET. This may be because TL is more authoritative and the leaders are very strict in observing the rules. Things are more systematic and straight forward to the regular process so employees are not compulsorily expected to think innovatively (Mufti, Xiaobo, Shah, Sarwar & Zhenqing, 2019). The employees are required to act upon the orders from the leaders and they are not empowered enough to act in their own job area.

This interaction style may restrict creativity of employees. Another possible explanation could be empowerment practices adopted by those banks, which have positive effects on organizational performance because they stimulate positive attitudes and behaviors from employees (Riordan, Vandenberg & Richardson, 2005). Practice of involving employees in decision making processes, organizing interaction sessions, and building leadership from the high potential employees can be considered to help them in the process. Nevertheless, as transactional leadership is based on rewards and punishments, the banks may also utilize this and practice employee empowerment. Fernandez & Moldoaziev (2013) mentions that attempting to empower employees by offering rewards based on performance inhibits innovativeness when performance is defined in terms of outputs and outcomes. When these psychological benefits promote employees' work efforts collectively, performance of the organization improves (Birdi et al., 2008).

This perspective explains why organizations adopt empowerment practices by highlighting how such practices bring psychological and behavioral benefits to employees further leading to creation of value for firms.

7. IMPLICATIONS

The findings of this study have implications to practitioners and researchers.

- **Practical implications:** Empirical evidence indicated that the private commercial banks could practice transformational leadership style to promote knowledge sharing practice to enhance individual innovative behavior providing useful insight for leadership training in future. We need to make the employees of banks under pressure to innovate in the current competitive environment more engaged by providing suitable motivational programs to encourage knowledge sharing through effective reward systems. Findings of study in the country's banking scenario conducted by Biswakarma & Khanal (2015) also suggest the same. An engaged employee is expected to exhibit knowledge sharing practice in their workplace which facilitates innovative behavior among employees. Private banking sector is a major contributor to the nation's economy and they need to achieve a competitive edge through knowledge management as service-based organizations.

- **Research implications:** This study was designed to examine the impact of Transformational (TFL) Leadership and Transactional (TL) Leadership on Individual Innovative Behavior (IIB) with Knowledge Sharing (KS) as the mediating variable and Empowerment (ET) as the moderating variable. Only fewer studies were conducted before and they assumed mediating and moderating variables together that too in a Western context. Current study may help to deepen the understanding of Leadership Styles (LS), IIB, KS, and ET. Further, one might even infer the applicability of these results to a similar setting other than the present one. Some of these findings are inconsistent with those obtained in previous research and replication of the same study may or may not obtain similar findings. Generally, South Asian countries have embodied a culture with greater power distance between the leaders and the followers (Liden, 2012). Leaders are endowed with greater discretion and control, and followers generally obey their decisions. So the inherent power distance between leaders and followers may influence the leadership effect on organizational and strategic outcomes. Hence, power distance would be a potential area to explore where future researchers may incorporate power distance as a mediator to check its influence on IIB. Similarly they accepted hierarchy as a norm (Aslstrom, Chen & Yeh, 2010; Lam, Huang & Lau, 2012; Liden, 2012). For future research, replication of the same study may be done to check if similar findings would be obtained. Further, banks have a number of departments that comprise employees working at frontline and operations. The perceptions of the former could be different from those working at support functions in the same organization. Present study was conducted with the employees of banks without focusing on any specific segment of employees. Therefore, it would be interesting to replicate the same study by examining the members of frontline and operations staff separately.

- **Critiquing of the Research Study**

One possible limitation of this research study is the common source measurement. The study was conducted from the perspective of only the employees. This may limit the comprehensive understanding of how organizational leadership styles influence IIB. Hence, the findings of present study may not be generalized to the organization as a whole.

Consideration of only TFL and TL among a host of other Leadership Styles (LS) might have also limited the findings of this study. There could be possibilities that leaders who were being rated by the employees might come under other categories like autocratic leadership, democratic leadership, etc. Having examined the combined perspectives of employees working only at frontline and back-end support functions, common source measurement may limit the comprehensive understanding of the research problem and findings can't be generalized to the entire organization. As is inherent to the nature of the jobs performed, the perceptions of frontline employees may be different from those of members of the operations staff. For example, members of operations staff may have a routine-based job to work on the bank's internal system whereas frontline staff may have to deal with clients based on their financial requirement. Hence, the researcher believes that due to the diverse job nature of the jobs being performed by the employees, the opinions may not be same towards the variables under consideration in this study but no such segregation of staff was done in this study. So, the way the combination of participants was made could be another limitation. Descriptive statistics showed that the majority of the participants were below 30 years of age and were working at the level of Assistants/Officers. The job level they are in may not demand individuals to explore their innovative side which is seen in our results as well. Hence, response rate could have been extended to a larger audience involving individuals who are at higher positions as well.

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