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Authentic leadership role on organizational innovativeness with creativity and organizational trust

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Abstract

One of strategy that can be done by mass media to survive in competitive business situations is make an innovation. Authentic leadership, creativity, and organizational trust are variables that can influence organizational innovativeness, where creativity and organizational trust act as mediation. To analyze the effect of authentic leadership on organizational innovativeness with creativity and organizational trust as mediating variables. Results showed that authentic leadership has a positive and significant influence on organizational innovativeness. Creativity can partially mediates the effect of authentic leadership on organizational innovativeness, while the organizational trust does not mediate the effect of authentic leadership on organizational innovativeness.

Keywords: Authentic leadership, Organizational innovativeness, Creativity, Organizational Trust, Jawa pos media group.

Papel de liderazgo auténtico en innovación organizacional con creatividad y confianza organizacional

Resumen

Una de las estrategias que pueden hacer los medios de comunicación para sobrevivir en situaciones comerciales competitivas es hacer una innovación. Liderazgo auténtico, creatividad y confianza organizacional son variables que pueden influir en la innovación

organizacional, donde la creatividad y la confianza organizacional actúan como mediación. Analizar el efecto del liderazgo auténtico en la innovación organizacional con creatividad y confianza organizacional como variables mediadoras. Los resultados mostraron que el liderazgo auténtico tiene una influencia positiva y significativa en la innovación organizacional. La creatividad puede mediar parcialmente el efecto del liderazgo auténtico sobre la innovación organizacional, mientras que la confianza organizacional no media el efecto del liderazgo auténtico sobre la innovación organizacional.

Palabras clave: Liderazgo auténtico, Innovación organizacional, Creatividad, Confianza organizacional, Jawa pos media group.

1. INTRODUCTION

Innovativeness is a challenging topic in the management literature. Innovativeness is conceptualized in various ways in the literature. Innovativeness refers to the application of new ideas or behaviors (JIMENEZ D. J., 2011). Organizational Innovation is described as the creation of new products or services that are valuable and useful in an organizational context (GUMUSLUOGLU L. ILSEV A., 2009). DEGRAFF J., 2007 stated that innovativeness is the creation and customization of products, combinations of two product categories, design and space decoration, communities that gather in one space, business models that revitalize commodity markets, marketing that describe experiences as desirable and unique, consumers who become innovative in space. Organizational Innovation has several dimensions such as products, markets, processes, behavior and strategic innovation that have important

differences for public organizations compared to other businesses (WANG, C. L. & AHMED, 2004)

Literature review shows there are a number of factors associated with the emergence of Innovativeness in employees, including Authentic Leadership, Creativity (MUCELDILI, 2013), and Organizational Trust. An organization requires Authentic Leadership to try to overcome problems in the new work environment, which are turbulent and changing dynamically by making fundamental differences in the organization and helping employees find meaning and connection in the workplace (MUCELDILI, HALDUN T., 2013B).

Authentic Leadership is defined as a pattern of leader behavior that refers to positive psychological capacity and positive ethics, to encourage greater self-awareness, internalized moral perspective, balanced information processing, and relational transparency between leaders and employees, which will encourage self-development positive (WALUMBWA, 2008)

Authentic Leadership is one of leadership type that has been found to give positive psychological changes (MUCELDILI, 2013). According to the literature to improve Creativity, managers and organizational actors must develop a positive context in the workplace (MUCELDILI, 2013). Authentic Leadership increases positive emotions in employees by creating positive interactions, support, fair and transparent attitudes that make them more creative (PETERSON,

ET AL., 2012). According to WALUMBWA ET AL. (2008), Authentic Leadership component (self-awareness, internalized moral perspective, relational transparency and balanced processing) can influence Creativity. For example, the transparency component provides creativity by expressing thoughts, challenges and sharing information openly. Thus, Authentic Leadership has a positive effect on Creativity.

The second factor is related to the emergence of Organizational Innovativeness, namely Creativity (MUCELDILI, ET AL., 2013). HIRST, ET AL. (2011) stated that individuals who are more innovative and creative have an important role for Organizational Innovativeness. Creativity is needed in almost all jobs at different levels in various companies.

By definition, Creativity refers to the results of new and useful ideas on products, services, processes, management practices, business models, and competitive strategies (ZHOU AND REN, 2011). In addition, YUAN AND WOODMAN (2010) emphasize that, generating creative ideas is a component of Innovativeness. According to BEAR (2012) the first stage of Innovativeness is Creativity and provides a foundation for innovation. Creativity makes unusual and unique contributions to the organization. Creativity leads to successful companies, fulfilled employee needs, economic prosperity and social development.

The important role of Innovativeness is to get effectiveness in the organization and achieve long-term success, as well as dealing with external environmental turbulence, scholars and practitioners try

to explain how and why Innovativeness occurs. In their study, CUMMINGS AND O'CONNELL (1978) mention that leadership is the most important factor in Organizational Innovativeness. Authentic Leadership has an impact on Innovativeness. They encourage Innovativeness more than previous leadership styles.

Based on the description, it can be seen that Authentic Leadership has a direct influence to encourage the emergence of Innovativeness and indirectly through the creation of Creativity for employees, it can be hypothesized that Creativity mediates the relationship between Authentic Leadership and Innovativeness. Another factor associated with the emergence of Organizational Innovativeness is the Organizational Trust (PUCETAITE, 2014). Organizational trust is defined as a positive attitude held by employees of the company to other employees that the other party will act with fair rules and will not take advantage of one's vulnerability and dependency in risky situations (DAS AND TENG, 2014). Trust usually occurs when two parties regularly carry out work in accordance with norms and or regulations (FUKUYAMA, 2012).

Organizational Trust can be achieved if Authentic Leadership can provide information to employees and can encourage communication and provide opinions or ideas, so as to realize organizational goals (PUCETAITE, 2014). Therefore, Authentic Leadership is needed to be honest and avoid self-falsehood. In addition, the dimensions of Authentic Leadership in the form of an internalized moral perspective and transparency of relationships are

needed to create an Organizational Trust (WALUMBWA AND AVOLIO, 2008). With the moral of Authentic Leadership, good leader can make the organization believe in the leader. The existence of relational transparency on employees towards Authentic Leadership will also create trust in the organization.

In some studies on the relationship between Authentic Leadership, positive psychological capital and organizational performance (CLAPP ET AL., 2009) have identified that trust plays a full role or can act as mediation. Based on the results of these studies it can be said that the Organizational Trust mediates the effect of Authentic Leadership on Organizational Innovativeness.

Relating to Creativity, the informant stated that creativity is needed in all work divisions and is one of the criteria in the selection of employees at Jawa Pos. Other criteria are also needed in recruitment selection, for example mastering a foreign language; pass the written test; interview test; psychological test results and health test results. The person also stated that creativity plays a big role in encouraging employees to be able to be innovative. The problems that occur related to creativity are not all employee ideas can be accepted by the editorial division leaders.

Regarding Organizational Trust, the informant stated that a lot of effort must be taken by Jawa Pos to be able to maintain Organizational Trust in work with mutual openness, both between the leadership and employees and vice versa, and between employees and

other employees; for example, involving employees at various events by looking at their performance. It has also been explained that by including employees at special events such as World Cup Coverage, High-Level Conference Coverage and Coverage of President's Working Visits can increase Organizational Trust.

Based on the description above, the author conducted a study with the title: The Effect of Authentic Leadership on Organizational Innovativeness with Creativity and Organizational Trust as mediating variables.

Based on previous study entitled The Influence of Authentic Leadership on Creativity and Innovativeness, this study analyzes how Authentic Leadership predicts innovativeness both directly and indirectly through the mediation of the role of creativity. To analyze relationships, a survey of a sample of 142 employees working in both manufacturing and company services in Turkey was conducted in the study. The main finding is authentic leadership has a positive relationship with creativity, creativity has a positive impact on innovativeness and authentic leadership has a positive relationship with innovativeness. This study contributes to understanding the role of authentic leadership in creativity and innovativeness.

The empirical findings in this study will lead practitioners to authentic leadership values in experiments to improve creativity and innovativeness. Analysis factor for testing structural factors in variables. The analysis techniques used included validity tests to test

internal consistency, reliability testing using Cronbach Alpha, SEM analysis, hierarchical regression analysis in SPSS and mediation relationship testing (MUCELDILI, 2013).

Based on previous study with the title Stimulating organizational innovation through ethical leadership practices: the mediating role of organizational trust, this study presents the results of research in progress that explores the linkages between ethical leadership and organizational innovativeness, questions the role of organizational trust in this relationship and states that organizational trust strengthens the influence of ethical leadership on positive organizational outcomes. Data analysis of public organizations (n = 757) in Lithuania confirms the partial mediation of organizational trust in the relationship between ethical leadership and organizational innovativeness. The analysis technique used includes validity test to test internal consistency, reliability test using Cronbach Alpha, multiple regression analysis and mediation relationship testing using the provisions by BARON AND KENNY (1986) and FRAZIER ET AL. (2004).

2. METHODOLOGY

Hypothesis 1: Authentic Leadership has a significant effect on Organizational Innovativeness.

Hypothesis 2: Creativity has a role as a mediator in the relationship of the effect of Authentic Leadership on Organizational Innovativeness.

Hypothesis 3: Organizational Trust has a role as a mediation on the relationship of the effect of Authentic Leadership on Organizational Innovativeness.

This study used a quantitative approach. This method is called the positivistic method because it is based on the philosophy of positivism. This method is a scientific method because it has fulfilled scientific rules, namely concrete / empirical, objective, measurable, systematic and damaging (SUGIYONO, 2011). This research includes explanatory research (SUGIYONO, 2011). Judging from its purpose, this research includes verification research, to test the truth of a phenomenon. Judging from the method of data collection, this study included survey research, the research location of PT. Jawa Pos Surabaya Indonesia

3. RESULTS AND DISCUSSION

The following are the characteristics of the respondents in this study related to the demographic characteristics of PT. Jawa Pos:

Table 1: Data of Respondents

Sex	Frequency	Percentage
Male	32	61.5%
Female	20	38.5%
Total	52	100%
Age		
21-25 years	12	23.1%
26-30 years	11	21.2%
31-35 years	10	19.2%
36-40 years	9	17.3%
>40 years	10	19.2%
Total	52	100%
Status		
Honorary employee	15	28.8%
Permanent employees	37	71.2%
Total	52	100%
Length of working		
1 – 5 years	19	36.5%
6 – 10 years	12	23.1%
11 – 15 years	11	21.2%
16 – 20 years	7	13.5%
>20 years	3	5.8%
Total	52	100%

The number of respondents based on age is mostly 21-25 years old as many as 12 people (23.1%), respondents aged 26-30 years as many as 11 people (21.2%), respondents aged 31 - 35 years as many as 10 people (19.2 %), respondents aged 36 - 40 years were 9 people (19.2%) and respondents aged > 40 years were 10 people (19.2%).

The results of the number of respondents based on employment status are mostly permanent employee's as many as 37 people (71.2%), respondents who are honorary employees are 15 people (28.8%) and there are no freelance employees (0%). The following are the test results which show the coefficient of determination:

Table 2: Determination Coefficient Value

Variable	R-Square
Creativity	0.711051
Organizational Trust	0.548477
Organizational Innovativeness	0.788979

Based on the R-Square value above, each of which has been multiplied by 100%, it produces a Creativity coefficient of determination of 71.11%. This value shows that 71.11% of the Creativity value variation can be explained by Authentic Leadership, while the remaining 28.89% is explained by other variables outside the analysis model. The coefficient of determination from the Organizational Trust produces a value of 54.85%. This value indicates that 54.85% of the variation in the value of the Organizational Trust can be explained by Authentic Leadership. The coefficient of determination from Organizational Innovativeness produces a value of 78.90%.

This value shows that 78.90% variation of Organizational Innovation scores can be explained by Authentic Leadership, Creativity and Organizational Trust, while the remaining 21.10% is

explained by other variables outside the analysis model. According to (Ghozali, 2012). The determination of the coefficient of determination category is as follows:

Table 3: Results of T-Statistics Test

Authentic Leadership Creativity	16.880928
Authentic Leadership Organizational Trust	7.348011
Authentic Leadership Organizational Innovativeness	2.876612
Creativity Organizational Innovativeness	3.674277
Organizational Trust Organizational Innovativeness	0.240265

Authentic Leadership has a significant influence on the Creativity dimension, with a significance value of 16.880928 which is greater than the critical limit value of 1.96 at the 5% significance level. Authentic Leadership has a significant influence on the Organizational Trust variable, with a significance value of 7.348011 which is greater than the critical limit value of 1.96 at a significance level of 5%. Authentic Leadership has a significant influence on Organizational Innovativeness variables, with a significance value of 2.876612 which is greater than the critical limit value of 1.96 at a significance level of 5%.

Creativity has a significant influence on the Organizational Innovativeness dimension, with a significance value of 3.674277 which is greater than the critical limit value of 1.96 at the 5% significance level. The Organizational Trust does not have a significant effect on the Organizational Innovativeness variable, with a

significance value of 0.240265 which is smaller than the critical limit value of 1.96 at the 5% significance level.

Table 4. Parameter Coefficient Value

Original Sample	
Authentic Lead Creativity	0.843238
Authentic Lead Organizational Trust	0.740593
Authentic Lead Organizational Innovativeness	0.410940
Creativity Organizational Innovativeness	0.487067
Organizational Trust Organizational Innovativeness	0.032352

All latent variables have positive original sample values. Authentic Leadership has a positive influence on Creativity, with a parameter coefficient of 0.84. This shows that the better Authentic Leadership will have an impact on increasing Creativity. Authentic Leadership has a positive influence on Organizational Trust, with a parameter coefficient value of 0.74. This shows that the better Authentic Leadership will have an impact on increasing Organizational Trust. Authentic Leadership has a positive influence on Organizational Innovativeness, with a parameter coefficient of 0.41. This shows that the better Authentic Leadership will have an impact on increasing Organizational Innovativeness.

Creativity has a positive effect on Organizational Innovativeness, with a parameter coefficient of 0.49. This shows that getting better Creativity will have an impact on increasing Organizational Innovativeness. Organizational Trust has a positive

influence on Organizational Innovativeness, with a parameter coefficient of 0.41. But considering the Organizational Trust does not have a significant effect on Organizational Innovativeness, the better the Organizational Trust does not have an impact on increasing Organizational Innovativeness.

The mediation effect analysis aims to detect the position of the mediating variable in a model. Examination of the nature of the mediating variable in this study was carried out by using Sobel Test. Sobel Test is a statistical test that is used to test the significance of mediation effects in a study whether the variable has a significant mediating effect or not. By comparing Sobel's statistical value with a p-value of less than 5% it indicates that the mediation effect applies or is significant to the model being tested (GHOZALI, 2012).

The results that using partial least square (PLS) indicate that Authentic Leadership has a positive and significant effect on Organizational Innovativeness. Thus, the hypothesis of Authentic Leadership influences Organizational Innovativeness is acceptable. That is, when the leader applies each dimension of Authentic Leadership properly, it will be able to increase Organizational Innovation in the company.

Authentic Leadership is defined as a pattern of leader behavior that refers to positive psychological capacity and positive ethics, to encourage greater self-awareness, internalized moral perspective, balanced information processing, and relational transparency between

leaders and employees, which will encourage self-development positive (WALUMBWA, 2008) (AVOLIO BJ, 2012) states that leadership is the most important factor in organizational innovation. Authentic leadership will have an impact on organizational innovativeness.

Authentic leadership promotes organizational innovativeness more than traditional leadership styles. Authentic leadership increases innovativeness by building trust, creating hope, increasing optimism and strengthening resilience. Empirical studies have shown that the relationship and quality of relationships influence the efforts of innovativeness of employees that influence organizational innovativeness (YUAN F., 2010). Based on these descriptions, it can be seen that Authentic Leadership has a direct influence to encourage the birth of organizational innovativeness.

Authentic Leadership increases organizational innovation by building trust, creating hope, increasing optimism and strengthening resilience. In addition, Authentic Leadership also has an effective role to improve organizational innovation through relationships between individuals. As multidimensional (WANG, C. L. & AHMED, 2004). Organizational Innovation involves several dimensions such as products, markets, processes, behavioral innovations and strategic ones that have different interests for public organizations compared to business ones.

4. CONCLUSION

Authentic Leadership has a significant effect on Organizational Innovation accepted. Creativity mediating the effect of Authentic Leadership on Organizational Innovativeness is accepted. Authentic Leadership has a positive and significant influence on Creativity, and Creativity has a positive and significant influence on Organizational Innovativeness. It can be concluded that Creativity partially mediates the effect of Authentic Leadership on Organizational Innovativeness.

Organizational Trust mediates the effect of Authentic Leadership on Organizational Innovativeness rejected. The Organizational Trust proved to have a positive but not significant effect on Organizational Innovativeness. It can be concluded that, increasing Organizational Trust does not necessarily increase Organizational Innovation, so that the Organizational Trust does not mediate the effect of Authentic Leadership on Organizational Innovativeness.

Authentic Leadership in editorial division of PT. Jawa pos, were observed that the leaders (higher-ups) making decisions based on their beliefs. Creativity in editorial division of PT. Jawa Pos is highly grown by the presence of new ideas and useful ideas about products, services, processes, management practices, business models, and competitive strategies. Therefore, employees need to find new technology, processes and new product ideas by means of leaders giving insight to employe

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