CHAPTER II

LITERATURE REVIEW

2.1 Theoretical Background

2.1.1 Leadership

Before the introduction of Transformational leadership theory, Yukl in 1994 defined leadership as "Most leadership reflect the assumption that it involves a social influence process whereby intentional influence is exerted by one person over other people to structure the activities and relationships in a group or organisation." ("Leadership and Bass Transactional and Transformational Leadership Theories" 2003). Leadership itself can be defined in several ways, and especially defined differently by Bernard M. Bass (1990), John P. Kotter (1988), and Joseph C. Rost (1993). There are many types of leadership as well as its theories as the definitions often depend on the perspective of individuals towards leadership itself. Starting with John P. Kotter (1988) believes that leadership refers to "the process of moving a group or groups in some direction through (mostly) non-coercive means" and "a process that helps direct and mobilise people and/or their ideas". Kotter (1990) explained mostly on change management. Joseph C. Rost (1993) defined leadership as "an influence relationship among leaders and followers who

intend real changes that reflect their mutual purposes" with four necessary points on leadership; the relationship is based on influence, leaders and followers are the people in this relationship, leaders and followers intend real change, and leaders and followers develop mutual purposes (Rosari, 2019). Meanwhile, Bernard M. Bass believes that leaders are agents of change and between two members of a group who should do as they wish to do with their followers to follow through (McCall & Bass, 1982). Bernard M. Bass mentioned in his book; "Leadership and Performance Beyond Expectation" how leaders should be transformational in order to achieve high performance beyond the ordinary limits through their followers.

There are many different types of leadership theories, starting from affiliated leadership, charismatic leadership, direct/indirect leadership, distributed leadership, entrepreneurial leadership, ethical leadership, five domains, leadership style, leadership transition, LMSX theory, participative theory, path-goal theory, relational goal theory, servant leadership, skills/trait approach, team leadership, and transformational leadership (Turner & Baker, 2018). These leadership theories can be summed up into six different theories; The Great Man or Trait Theory, Behavioural Theory, Situational Theory, Contingency Theory, Transactional and Transformational Leadership Theory, Participative Theory, and Skills Theory (Allen, 2018). Despite the development of leadership theories throughout the years, leadership can be summed up into many different theories and styles (Kibbe, 2019). However, out of the many

leadership theories, Bernard M. Bass (1990) focused and improved the definition of transformational leadership in organizations.

2.1.2 Transformational Leadership

The transformational leadership theory which refers to the ability and effectiveness of a leader to lead towards the changes in the company. This includes having an end goal where the followers can adjust and value these changes in a positive manner (Banks et al., 2016). The theory of transformational leadership was introduced back in 1978 by James MacGregor. James MacGregor Burns (1978) believed on the two patterns of leadership being transactional and transforming. Burns defined transformational leadership on his book "Leadership" as "a process where leaders and followers engage in a mutual process of 'raising one another to higher levels of morality and motivation'" (Seligman, 1980). Since then, the definition and theory of transformational leadership was improved by Bernard A. Bass in 1985 (Banks et al., 2016). Bass (1990) proposed that "to achieve follower performance beyond the ordinary limits, leadership must be transformational" and that superior leadership performance is transformational leadership. Specifically on the four aspects of transformational leadership. This theory was done due to the amount of economic changes during that era and for companies to be able to survive through these changes ("Leadership and Bass Transactional and Transformational Leadership Theories," 2003).

Bernard A. Bass (1985) believed deeply regarding the primary measurements of the effects a leader has on their followers. The effect of a leader to followers is induced by creating awareness of the importance of task outcomes, inducing them to transcend their own self-interest for the sake of the organization or team, and activating their higher order needs (Rosari, 2019). Bass (1998) created the 4 I's regarding transformational leadership. The 4 I's first includes Idealised influence (II) which created respect, values and trust. Second, leaders with Intellectual Stimulation (IS) display new ideas and resilient. Third, Inspirational Motivation (IM) refers to the behaviours that demonstrates the willingness to work and commit to the goals set. Lastly, Individualised Consideration (IC) is for leaders who are attentive and put considerations into their followers needs (Longshore, 1987).

2.1.3 Motivation to Learn

The word motivation is very broad and can be interpreted in many ways. According to (Gopalan et al., 2020), motivation is "not an alternative to persuasion but rather a source of conviction" while (Schunk & DiBenedetto, 2020) defined motivation as "the process that instigate and sustain goal-directed activities". Despite the many theories regarding motivation, the summarized definition according to Cook and Artino (2016) (Cook & Artino, 2016), motivation can be defined as "the process whereby goal-directed activities are initiated and sustained". Along with the definitions of motivation in general, it

can be divided into two types, intrinsic and extrinsic. Intrinsic motivation is defined as "doing something for its own sake", while extrinsic motivation can be defined as "the pursuit of an instrumental goal" (Reiss, 2012). In other words, intrinsic motivation comes from self-interest and self-push. Moreover, motivation can be linked with employees behaviours. As mentioned, motivation itself is driven by individual's wills as it is intrinsic. For instance, The Big Five Personality Theory that includes neuroticism, extraversion, openness, agreeableness, conscientiousness (OCEAN) (Major et al., 2006). Each of these explains the personalities of an individual and their willingness to continuously learn. In addition to that, there are five contemporary theories; expectancy-value theory, attribution theory, social-cognitive theory, goal orientation theory, and self-determination theory (Cook & Artino, 2016). With each connecting with one another.

Motivation to learn was first defined by Noe and Shmitt (1986) as "a specific desire on the part of the trainee to learn the content of a training program". It has been proven that trainees may not do well in their training program if they do not have the willingness/motivation to learn which results in less learning (Baldwin et al., 1991). Motivation to learn and its contemporary theories are connected to intrinsic motivation as it comes from self-interest (Goldman et al., 2017). Martineau (1997) concluded that motivation to learn is a simple, direct, and straightforward way to gauge how trainees view their participation, but does not explain why some trainees are motivated than others.

2.1.4 Innovative Work Behaviour

The constant changing economic climate results in the changes at certain companies in order to maintain their competitive advantage and survive. However, some employees are not always motivated or resistant to go through these changes (Liu et al., 2020). Some of these changes call for innovation in various organizations. Innovation can be referred to many types: institutional, political, cultural, social, economic, organizational, administrative, new business models, material, service, and market (Johannessen, 2013). However, innovation was first known as "imposing change to the established order and faced implicit and explicit resistance, especially from the church and society" (Godin, 2015). According to Wyckoff (2004), innovation in general refers to the application of new ideas with the aim of creating value. Innovation is recognized as one of the main ingredients of success in especially productivity ("The Importance of Innovation for Productivity," 2001). Although the definition of innovation is not yet universally accepted (Khar Kheng et al., 2013).

The development of the definition of innovation had led to become emphasized in the economics and business field (Meissner et al., 2017). In turn, this need of innovation leads to the importance of employees in becoming innovative at their work and creating that innovative work behaviour in employees. West and Farr (1990) defined innovative work behaviour as "an employee's action directed at the generation, application and implementation

of novelty ideas, products, processes, and methods to his or her job position, departmental unit, or organization. While according to Kleysen & Steet in 2001 as well as Yuan &Woodman in 2010, innovative work behaviour can be defined as "individual actions directed at generating, processing, and implementing new ideas, including new product ideas, technologies, procedures, and work processes, with the goal of increasing the organisation's effectiveness and success" (Bos-Nehles & Veenendaal, 2019). Initially, innovative work behaviour revolves around a possible issue then its solution. Today, it can be classified into three subsections; idea generation, coalition building, and execution (Mumford et al., 2012). In addition to that, innovative work behaviour in organizations is recognized by effective leadership as they result in innovative mindset and work culture to achieve new knowledge (Jung et al., 2003). As a result, Innovative work behaviour is one of the basic pillars of successful organizations (Carmeli et al., 2006).

2.2 Previous Studies

This section explains several previous studies in relation to transformational leadership as well as innovative work behaviour.

Table 2.1: Previous Studies

Author	Title of Article	Variables	Analysis Tools	Conclusion
Bilal Afsar, Waheed Ali Umrani (2019)	Transformational Leadership and Innovative Work Behaviour: The Role of motivation to learn, task complexity and innovation climate	1. Transformational leadership 2. Innovative work behaviour 3. Motivation to learn 4. Task complexity 5. Innovation climate	1. Hierarchical regression analysis	Through the study, it was proven that the mediating effects of motivation to learn and moderating effects of task complexity and innovation climate affect transformational leadership and innovative work behaviour. Transformational leadership has a greater effect on innovative work behaviour when the mediating variable is motivation to learn and that transformational leaders are capable of motivating their followers through their creativity.
Bilal Bin Saeed, Bilal Afsar, Asad Shahjehan, Syed Imad Shah (2019)	Does transformational leadership foster innovative work behavior? The roles of psychological empowerment, intrinsic motivation, and creative process engagement	1. Transformational leadership 2. Creative process engagement 3. Innovative work behaviour 4. Intrinsic motivation 5. Psychological empowerment	1. Hierarchical linear modelling 2. Hierarchical moderated regression 3. Multiple logistic regression	The study focuses on the effects of transformational leadership, psychological empowerment and intrinsic motivation towards employee's innovative work behaviour. The researchers used 2 studies to test the hypothesis. The result of the studies concluded that transformational leadership was greatly affective towards innovative work behaviour when employees are intrinsically motivated and psychologically empowered. Despite that, transformational leadership is not highly effective when there is high psychological empowerment and low intrinsic motivation.

Author	Title of Article	Variables	Analysis Tools	Conclusion

Yongping Xie, Wei Xue, Ling Li, Anmin Wang, Yong Chen, Qianlin Zheng, Yayun Wang, Xinjuan Li (2018)	Leadership style and innovation atmosphere in enterprises: An empirical study	1. Leadership style
		  a. Transformational leadership style
		  b. Transactional leadership style
		2. Innovation atmosphere
		3. Trust
		4. Individual identification
			1. Regression analysis	In this study, leadership styles such as transformational and transactional. Transformational leadership style is more effective in building innovation atmosphere while transactional leadership style helps motivate members during any conditions. Other than that, team members should be able to create a trustable environment with high self-recognition.

Mariam Masood, Bilal Afsar (2017)	Transformational leadership and innovative work behavior among nursing staff	1. Transformational leadership 2. Empowerment role identity 3. Psychological empowerment 4. Intrinsic motivation 5. Knowledge sharing behaviour	1. Structural equation modelling (SEM) 2. Structural modelling 3. Hierarchical multiple regression analysis	Transformational leadership has a positive influence on psychological empowerment and becomes stronger when nurses are willing to be empowered psychologically for a stronger intrinsic motivation and knowledge sharing. In addition to that, intrinsic motivation as well as knowledge sharing positively affects nurses' innovative behaviour.
Hui Li, Nazir Sajjad, Qun Wang, Asadullah Muhammad Ali, Zeb Khaqan, Shafi Amina (2019)	Influence of Transformational Leadership on Employees' Innovative Work Behavior in Sustainable Organizations: Test of Mediation and Moderation Processes	1. Task oriented leadership 2. Relation-oriented leadership 3. Change-oriented leadership 4. Participative leadership 5. Charismatic leadership 6. Autocratic leadership 7. Ethical leadership 8. Ethic based contingent reward leadership Employee motivation	1. SPSS macro process (serial mediation and moderation)	The use of SET in this research shows that transformational leadership has a positive influence on employees' innovative work behaviour especially through work engagement and trust in leaders at a Chinese organization. This is because of the leader's behaviour when they are caring, helpful, and fulfils promises, helps

Author	Title of Article	Variables	Analysis Tools	Conclusion
				increase trust between them which also results in higher performance and more engaged in their work.

2.3 Hypothesis Development

2.3.1 The Direct Relationship between Transformational Leadership and Innovative Work Behaviour

The relationship between transformational leadership and innovative work behaviour were inconsistent as there were both negative results as well as positive results (Pieterse et al., 2010). (Basu & Green, 1997) found positive influence between the both. However, the inconsistent results were due to the different mediation or moderators in between the two variables (Pieterse et al., 2010). Transformational leadership has been proven to be capable of attending to the needs of the followers to be able to engage in various creative activities in the organization. This helps influence their intellectual thinking which results in applying and creating the flow of new ideas. These leaders are capable of motivating their followers to reach their goals (Bednall et al., 2018). This assumption shows the positive influence transformational leadership has on innovative work behaviour in employees/followers.

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H1: Transformational leadership positively influences innovative work behaviour.

2.3.2 Motivation to Learn as a Mediating Factor of Innovative Work Behaviour

The effects of transformational leadership as well as innovative work behaviour showed both negative and positive results (Pieterse et al., 2010). The effects of mediating and moderating variables create a significant difference between both transformational leadership and innovative work behaviour (Pieterse et al., 2010). Weisberg (1999) believed that "learning is indispensable for creativity". In addition to that, when individuals are motivated, they will make use of the opportunity to learn new knowledge and skills. They will appreciate the self-improvement and growth from what they have learned (Weitz et al., 1986). Zhang and Bartol (2010) proved that transformational leadership improves employee's creativity by providing psychological empowerment which results in the boost of employee's motivation to learn. Learning and the motivation to learn is crucial for an individual's creativity and creative behaviour as it is one of the dominant factors (Bhakti & Dwi Astuti, 2018) especially in the company that leads to having the innovative work behaviour as an implementation of the creativity. With this, it can be assumed that the stronger their motivation to learn, the more knowledge as well as growth obtained.

H2: Motivation to learn mediates the relationship between transformational leadership and innovative work behaviour.

2.4 Conceptual Framework

Figure 2.1: Conceptual Framework

Mediating Variable

Independent Variable   Dependent Variable