

CHAPTER I

INTRODUCTION

1.1 Research Background

Business is a major factor that define a nation's economy. Businesses bring income for a country while create jobs for people and ensuring welfare of families. Nowadays, start-up is a popular type of business in Indonesia (Igamo et al., 2020). It's the preference of entrepreneurship by millennials and younger generations (Kelley & Herrington, 2019). Start-ups are young companies characterized by their ambition to disrupt and revolutionize industries (Morris et al., 2016). Their focus is on innovation, developing unique and irreplaceable offerings that address these needs (Morris et al., 2016). Innovation is at the heart of start-ups, as they seek to develop new solutions or processes that improve existing products or create entirely new market opportunities (Doan et al., 2015). This disruptive approach disregards traditional ways of thinking and doing business, fostering a dynamic environment that propels growth. The growing trend of start-ups unfortunately followed by trend of failure. Start-ups usually unable to take off and grow (Öndas, 2021). Failure to effectively penetrate their target market and gain traction can lead to failure (Utterback & Kim, 2013). Established giants with vast resources can easily outcompete smaller startups (Agarwal & Moser, 2000). These challenges highlight the importance of innovation and effective market strategies for startups to navigate the competitive landscape. Innovation can be more than just new invention in terms of product (Neely & Hii, 1998). Innovation can mean new ideas, methods, creations, techniques, way of thinking, way of operating, way of producing, and

many more.

The Global Entrepreneurship Monitor (GEM) Report, a leading source of data on entrepreneurship around the world, emphasizes the role of startups in fostering a nation's "entrepreneurial ecosystem." This ecosystem encompasses not just the startups themselves, but also the institutions that support them, such as universities, incubators, and venture capital firms. According to the report, startups have been a driving force behind an impressive 10% of global job growth since 2017. This statistic highlights their ability to create new employment opportunities and contribute to economic dynamism. Furthermore, the World Economic Forum paints a picture of a future heavily influenced by digital innovation. They estimate that a staggering 70% of the new value created globally over the next decade will be rooted in digital business models. This suggests that startups, often at the forefront of digital innovation, are set up to play a critical role in shaping the future of the economy.

Based on the State of Venture 2023 report by CB Insights, venture capitalists invested significantly more in startups in Q3'23 compared to Q2'23, with a funding increase of 11% to \$64.6B. This marks the strongest quarterly growth since Q2'21, but the total funding amount remains far below the levels seen in that year which impacted by the Covid-19 pandemic. Statista adds another layer of evidence, revealing that in 2023, for the first time, more than half of global GDP will be driven by "digitally transformed" enterprises. This underscores the transformative power of digital technologies and the increasing importance of startups that thrive in this digital environment.

EMERGING ECOSYSTEMS BY EARLY-STAGE FUNDING VALUE



Top 10 Emerging Ecosystems by Early-stage Funding Value in million dollars
Startup Genome Global Startup Ecosystem Report 2023

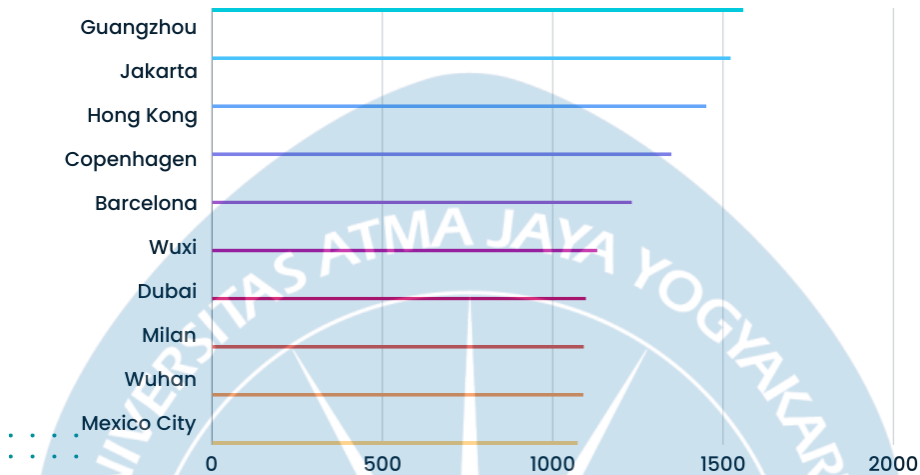


Figure 1.1

Emerging ecosystems by early-stage funding value in 2023

Source: Startup Genome, 2023

Moving beyond global trends, let's examine a specific example: the Jakarta ecosystem. Startup Genome provides valuable data of startups in Jakarta and on its economic impact, measured as the combined value of exits (acquisitions or IPOs) and startup valuations between 2020 and 2022. Jakarta's impressive ecosystem value of \$71 billion, ranked third in top 10 emerging ecosystem by its value, while the global ecosystem average value of \$31 billion demonstrates the significant economic contribution of startups in the economy. The total seed and Series A (early-stage startup) funding for tech startups in Jakarta between 2020 and 2022

reached \$1.7 billion, ranked second in the ranking just below Guangzhou in China, almost twice more than the global average funding of \$970 billion. This substantial investment highlights the global recognition of Jakarta's potential and the attractiveness of its startups for early-stage investors.

The fiercely competitive, ever-evolving landscape of today's global markets demands constant innovation from startups to survive and thrive (Marullo et al., 2018). This innovation empowers startups in four ways. First is market differentiation and customer acquisition by developing unique solutions that address unmet needs, carve out a niche, and establish a compelling value proposition. Second is operational efficiency and cost reduction innovative approaches that can streamline operations, automate tasks, and minimize waste, leading to significant time and financial savings. Third is agility and adaptability quality that equips startups with the agility to navigate the ever-shifting market landscape. Culture to capitalizes on emerging trends and technological advancements. Fourth is attracting talent and investors to secure the resources and talent necessary for long-term success.

Contrary to popular belief, groundbreaking ideas rarely come from lone entrepreneurs (Muñoz-Bullón et al., 2015). Employees foster innovation within startups environment. Their contributions go beyond simply executing tasks, they actively participate in shaping the company's future. Employees play a role in startup innovation in two ways. First, clarifying and contextualizing vision by defining and shaping the company's mission and direction. Employees from different departments bring diverse perspectives and expertise to the company, resulting in collaborative exchange of ideas that helps refine the vision and ensures it remains grounded in reality. Second is driving change and improvement by spearheading new projects and

instigate positive changes to move the business forward.

Innovative Work Behaviour (IWB) goes beyond mere creativity. It's the intentional act of employees to introduce new and valuable ideas, champion them within the organization, and see them through to implementation for the benefit of themselves and the company (De Jong & De Hartog, 2007). According to De Jong & De Hartog (2007), IWB can be broken down into three stages. First, idea generation where employees demonstrate the ability to think creatively and generate new ideas that could potentially benefit the organization. Second, idea promotion where employees taking ownership and advocating for their ideas within the organization. Third, idea implementation where it's time to turn the idea into reality. However, for employees to consistently engage in IWB, they need an environment that fosters and supports their innovative spirit (Scott & Bruce, 1997). A working environment that nourishes and supports employees to commit to their work and to the organization values. Organizations that cultivate a culture of innovation in their environment by providing resources, encouraging experimentation, and rewarding successful ideas will see employees more readily engage in innovative work behaviour (Amabile, 1996; Oldham & Cummings, 2000).

Workplace spirituality, in essence, is about the work environment that enables employees to find meaning and purpose in their work, feel a sense of connectedness with colleagues and the organization, and experience a sense of growth (Milliman et al., 2003). It strives to cultivate a sense of purpose, connectedness, and meaning in employees' work lives, ultimately enhancing their well-being, work satisfaction, and overall performance (Giacalone & Jurkiewicz, 2003). According to Milliman et al. (2003), spiritual dimensions can be developed to nurture innovative behaviour by

several ways. First, promoting shared values creates a sense of community and collective purpose that motivates employees to contribute their best. Second, providing opportunities for employees to learn and develop both professionally and personally enables them to tackle new challenges and contribute fresh perspectives. Third, foster a sense of fairness and trust so they're more likely to take risks, share ideas openly; and champion innovative solutions. (Amabile and Gryskiewicz, 1989; Afsar et al., 2018) suggests a strong link between a supportive and spiritual workplace to employee creativity. When employees perceive strong organizational support, they feel more empowered to engage in risk-taking behaviour, enhance problem-solving capability, and have greater intrinsic motivation.

A spiritual workplace fosters a deeper level of consciousness for employees (Quatro, 2004). This heightened awareness allows employees to identify problems and opportunities more readily, and their intuition is sharpened, leading to the development of more purposeful and innovative ideas. Spirituality fosters a sense of reciprocity (Rego & Cunha, 2008). When employees feel the organization cares for their well-being and fulfils its obligations, they're more likely to go the extra mile and engage in creative behaviour. This focus on purpose and meaning creates a foundation for the development of psychological empowerment. Employees who feel valued and supported by their organization are more likely to feel empowered and believe in their own abilities (Conger & Kanungo, 1988). Milliman et al (2003) states that when employees feel a strong connection to their work and understand how their contributions impact the bigger picture, they experience a heightened sense of meaning and purpose, which are the dimensions of psychological empowerment.

Psychological Empowerment defined as employees' sense of control, autonomy, competence, and impact within their work roles (Thomas & Velthouse, 1990). Empowered employees feel a sense of control, competence, meaning, and self-determination. Psychological Empowerment fosters intrinsic motivation, self-belief, and the ability to make meaningful contributions, leading to increased job satisfaction and performance (Conger & Kanungo, 1988). When employees feel competent and in control of their work, they are more likely to take risks and explore new ideas. When employees feel a sense of meaning in their work, coupled with the autonomy to act on their ideas, they are more likely to translate innovative thoughts into concrete actions (Amabile and Gyskiewicz, 1989). These supportive and empowering employees fostered by workplace spirituality is what fuels innovative work behaviour.

Business is constantly evolving, driven by the ingenuity of startups. These young companies are not afraid to challenge the status quo, developing innovative solutions that disrupt established industries and create entirely new ones. One of the biggest revelations birthed by innovation from startups is online media. IDN Media, a leading Indonesian platform, exemplifies this transformation. Traditionally, Indonesians relied on print media and television for news and entertainment. However, IDN Media leverages the power of the internet to cater to millennials and Gen Z with a dynamic and interactive online experience. There is a significant decline in print media consumption in Indonesia, particularly among younger demographics (Hadiwijaya et al., 2019). IDN Media operates across various digital platforms, including IDN Times, Popbela, IDNtv, and IDN App. This multi-platform approach allows them to deliver diverse content tailored to young

audiences. They offer informative news articles, engaging videos, and interactive features, fostering a more informed and connected generation. Online media empowers youth by providing access to a wider range of information and fostering critical thinking skills (Huang et al., 2020). IDN Media goes beyond content creation. They encourage user participation by fostering a strong online community. This allows young voices to be heard, fostering a sense of belonging and amplifying youth perspectives.

1.2 Research Questions

Based on the explanation and previous study mentioned in the introduction part above, this research questions are formulated as follows:

1. Does workplace spirituality have a direct positive effect on employees' innovative work behaviour?
2. Does workplace spirituality have a direct positive effect on employees' psychological empowerment?
3. Does psychological empowerment have a direct positive effect on employees' innovative work behaviour?
4. Does psychological empowerment mediate the effect of workplace spirituality toward employees' innovative work?

1.3 Research Scope

1. Innovative Work Behaviour reflects employees' willingness and ability

to engage in novel and creative work-related activities (Scott & Bruce, 1997). It encompasses generating and implementing new ideas, processes, or products that contribute to organizational growth, competitive advantage, and sustainability.

2. Workplace spirituality refers to creating a work environment that emphasizes purpose, connection, and meaning for employees. Workplace spirituality can lead to improved well-being, job satisfaction, and overall performance (Giacalone & Jurkiewicz, 2003).
3. Psychological empowerment, as defined by Thomas & Velthouse (1990), focuses on employees feeling in control, having autonomy, feeling competent, and having an impact. This sense of empowerment is believed to increase motivation, self-belief, and the ability to make valuable contributions, ultimately leading to higher job satisfaction and performance (Conger & Kanungo, 1988).

1.4 Research Objective

Based on the problem identification above, the objectives of this research include:

1. To analyse the influence of workplace spirituality towards employees' innovative work behaviour.
2. To analyse the influence of workplace spirituality towards psychological empowerment.
3. To analyse the influence of psychological empowerment towards

employees' innovative work behaviour.

4. To analyse whether psychological empowerment mediates the influence of workplace spirituality towards employees' innovative work behaviour.

1.5 Research Benefits

1. For the Company

This research will assist the company in identifying and comprehending the influence of innovative work behaviour of the workforce. As a result, the author hopes that the company will be able to develop its strategies to support its workforce to perform better.

2. For Academics

This research is expected to be a reference material for learning in the field of human resource management.

3. For Other Researcher

This study serves as a foundation for future research on innovative work behaviour. Undergraduate researchers and others can leverage this work as a springboard for further exploration of the factors influencing innovation.

1.6 Writing Systematic

To provide context for this research, this study divides the research proposal into five chapters, which are as follows:

CHAPTER I: INTRODUCTION

This chapter includes the research background, problem identification, benefits of the research, research scope, and writing systematics.

CHAPTER II: LITERATURE REVIEW

This chapter consists of a literature review, the previous studies, hypothesis, and conceptual framework.

CHAPTER III: RESEARCH METHODOLOGY

This chapter consists of research type, data type, data source, sample research method, research subject and object, location and time research, data collection and measurement method, validity and reliability test, research sample, and operational definition.

CHAPTER IV: RESULT AND ANALYSIS

This chapter consists of the result of this research as well as the discussion related to the research.

CHAPTER V: CONCLUSION

This chapter consists of the conclusion of this research, managerial implications, limitations, and future suggestions.