A Conceptual Model: The Mediating Role of Creativity Climate in Empowering Leadership on Management Innovation and Innovative Behavior

Fatin Fadila and Hunik Sri Runing Sawitri

ABSTRACT

This study aims to explain the creativity climate as a mediating variable on the relationship of empowering leadership with management innovation and innovative behavior in the hospitality industry. The expected finding is that there is a positive relationship on the effect of empowering leadership on management innovation and innovative behavior with the mediation of creativity climate. Researchers hope that this conceptual model study provides organizations with an understanding of the planned changes in the organizational environment on management innovation. This article is also expected to contribute theoretically, practically, and may be used for future studies.

Keywords: Climate for Creativity, Empowering Leadership, Innovative Behavior, Management Innovation.

I. INTRODUCTION

Indonesia won the title of the most beautiful country; Indonesia beat New Zealand and Colombia who took second and third place. The best countries are listed on the official website of Money.co.uk, a British website. In promoting tourism and the potential of the creative economy in Indonesia, Minister of Tourism and Creative Economy Mr. Sandiaga Uno has officially designated 21 locations as Creative District Cities in Indonesia 2021. In this way, new business and job opportunities are created for the community. It is hoped that the 2021 Indonesian Creative word can encourage the government to be innovative, flexible and collaborative in order to increase the efficiency of the creative economy to improve the welfare of people in the region (Merdeka.com, 2021). As part of the development of the strength of Creative District Cities, entrepreneurs support and hope to develop quickly and provide many ideas, especially companies engaged in the home industry, especially hospitality. In companies that provide accommodation, the role of Human Resources (HR) is very important in advancing business in tourism areas including Indonesia, which focuses on promoting tourism as an attraction for domestic and foreign tourists. Organizations in today's business environment require employees to demonstrate an emotional connection with employees' work and show that employees are willing to promote employees' best efforts to help managers achieve their goals (Park et al., 2016). Leaders who view their employees as valuable resources will do everything possible to improve employee well-being and performance to ensure that their employees remain competent, engaged, and accomplished (Walumbwa et al., 2010).

Empowered employees have a higher ability to achieve higher levels of productivity because they feel that they are in control of the employees’ work (Koberg et al., 1999).

Economic growth and current workers also bring great challenges to the service industry. For example, intense competition in the service industry has created a highly competitive market for service firms vying for market share (Ostrowski et al., 1993). To survive this fierce competition, the service industry must continue to evolve (Kindström et al., 2013), as innovation becomes important for many companies and countries (Slater et al., 2014).

In the hospitality industry, innovation is synonymous with quick and easy response to environmental changes (Fraj et al, 2015). Innovation is becoming increasingly important in the hospitality industry (Chen, 2011; Ottenbacher, 2007; Sandvik et al., 2014), increasing customer needs (Enz et al., 2010). However, the competitiveness and performance of hotels will depend on the ability of managers to drive innovation within the company. Furthermore, when employees in the hospitality industry believe that the organizational structure of the company, they work for encourages innovation, the impact of leadership practices on creativity and innovation in management will increase (Mohgimi, 2016).

According to Cloete (2011), the presence of leaders plays an important role in shaping organizational climate. Specifically, if there are effective leaders in an organization, then the organization will be competitive, productive, and receptive to others. This is because climate is hierarchical, and leaders influence followers throughout the organization.

Climate provides strategic direction and serves as a reference system for employees. It guides adaptive and flexible employee work behavior by providing the
information and motivation necessary for expected behavior (Schneider et al., 1998; Salancik & Pfeffer, 1978). A positive climate is thought to increase employee motivation and the type of behavior required by the organization (Brown & Leigh, 1996; Neal & Griffin, 1999).

The concept of creative climate has been shown to correlate with employee perceptions of innovation culture, which manifests as employees having a greater appreciation of creativity, flexibility to facilitate change, and providing the resources employees need to innovate (Kim & Yoon, 2015). The concept of creative climate has been shown to be consistent with employee perceptions of a culture of innovation, which manifests as employees having a high appreciation for creativity, adapting to support change, and providing the resources employees need to be creative (Kim & Yoon, 2015).

This study aims to fill the gap related to the effect of leadership power on managerial innovation and using creative climate as mediation in the hospitality business environment. Therefore, the authors conducted a study to determine the positive relationship between empowering leadership and increased management of management innovation and innovative behavior through the mediating role of the climate of creativity.

II. LITERATURE REVIEW

A. Empowering Leadership

Empowering leadership occurs when supervisors give authority and responsibility to groups or individuals, such as encouraging employees to express their opinions, encouraging participation in decision making, encouraging information sharing and supporting group decisions (Ahearne et al., 2005; Amundsen & Martinsen, 2014; Lorinkova & Perry, 2017).

B. Management Innovation

Management innovations are new management practices intended to improve business performance. Therefore, management innovation involves changing how managers control employee direction, how employees make decisions, how employees organize work, and how managers motivate employees (Hamel, 2006).

C. Innovative Behavior

Innovative behaviors that may have previously been considered inappropriate or disrespectful are becoming increasingly desirable in today's fast-paced and competitive work environment (Anderson et al., 2004). Innovative behavior can be defined as all individual actions that focus on the creation, introduction, and use of useful innovations at any level of the organization (Kleyesen & Street, 2001).

D. Climate for Creativity

Ekvall (1991) defines climate as the observed and repeated patterns of behavior, attitudes, and emotions that characterize the life of an organization. Culture reflects the deeper foundations of an organization. Perceptions of climate determine how individuals behave collectively by influencing employees' perceptions and feelings about aspects of the employee's work environment.

III. FRAMEWORK AND HYPOTHESIS

Based on the problems that have been described, a more focused approach to analysis and problem solving is needed. The hypotheses in this study are:

Leaders can cause innovation in their organizations by reducing the confusion associated with the pursuit of innovation (Birkinshaw et al., 2008). In addition, it was found that when employees in hospitality companies felt that they were working in an organizational environment that encouraged innovation, the impact of their leadership behavior on creativity and innovation increased (Moghimi, 2016). In his research, Hassi (2019) showed that empowering leadership is positively and significantly related to management innovation.

H1: Empowering leadership positively related to management innovation.

Research has shown that leadership influences the climate for innovation and creativity in organizations (Amabile et al., 1996; Mumford et al., 2002). Leader influence on innovation occurs by creating a thriving innovation environment (climate for creativity) and providing critical resources or strategies that drive innovation (Oke et al., 2009). In his research, Hassi (2019) showed that empowering leadership is positively and significantly related to the climate for creativity.

H2: Empowering leadership positively impacts to climate for creativity.

Increasingly fierce business competition and the environment amplify the uncertainty on horizontal organizational structure and the resulting employee empowerment will gradually become an important trend in organizational management (Chen & Aryee, 2007). A meta-analysis conducted by Kim et al. (2018) has found that empowering leadership is positively associated. In a study by Zhu et al. (2019) showed that empowering leadership is positively associated with innovative behavior.

H3: Empowering leadership positively related to innovative behavior.

![Fig. 1. Conceptual Framework.](image-url)
In their research, Karatepe et al. (2020) show that the climate of creativity has a positive influence on management innovation.

**H4: Climate for creativity positively impacts to management innovation.**

Limited empirical research has highlighted the importance of climate for creativity on innovation (Ekvall & Ryhammar, 1999; Volberda et al., 2013). For example, (Hunter et al., 2007) meta-analysis study found that creativity climate is positively related to creativity and innovation. The study of Karatepe et al. (2020) showed that the climate of creativity positively influences innovative behavior.

**H5: Climate for creativity positively impacts to innovative behavior.**

The innovative behavior of employees is considered the basis of innovation in an organization (Scott & Bruce, 1994). With this in mind, it is believed that new employee behavior leads to innovative management that enables employees to contribute to the business through new ideas to improve service delivery, its management benefits, and these ideas. In their research, Karatepe et al. (2020) show that innovative behavior positively affects with management innovation.

**H6: Innovative behavior positively related to management innovation.**

Two related variables climate and empowerment found support for innovation by mediating between transformational leadership and organizational innovation (Jung et al., 2003). Furthermore, empirical evidence supports the fact that creative climate mediates innovating leadership behavior and productivity (Isaksen & Akkermans, 2011). The study of Hassi (2019) showed that creativity climate significantly mediates the relationship between empowering leadership and management innovation.

**H7: Climate for creativity positively mediates the relationship between empowering leadership and management innovation.**

**IV. METHODS**

The method used in this study is a quantitative approach. This type of research is research that uses hypothesis formulation and the type of data used is cross-sectional, a study to study the correlation between risk factors by approaching or collecting data at one time only (Ariani, 2014).

The population in this study were hotel employees in the Karanganyar area, Indonesia. Samples are elements that are part of the population (Cooper & Schindler, 2014). Sampling in this study used non-probability purposive sampling techniques. Purposive sampling was used in this study because the researcher had set criteria for hotel employees in the Karanganyar area, Indonesia.

All scales and questionnaire items were administered in Indonesian, and all items were standardized with established scales. Specifically, empowering leadership was assessed using 12 items by Ahearne (2005). Creative climate was assessed with five items from Kim and Yoon (2015). A six-item scale from Vaccaro et al. (2012) was used to measure innovation and management. Innovative behavior was assessed using six items from Scott and Bruce (1994). The survey in this study used google form media.

The data collection technique in this study used a questionnaire. The questionnaire is data collection which is done by giving questions or written statements to respondents to answer. The questionnaire in this study uses a Likert scale of 1 to 5 to measure each variable with points 1 "strongly disagree" and points 5 "strongly agree".

For data analysis, the statistical method used is SmartPLS. SmartPLS is used in descriptive analysis to determine the profile of respondents participating in the study using Structural Equation Modeling (SEM) and using SmartPLS for the influence between the variables studied.

Hypothesis testing is carried out based on the results of testing the Inner Model (structural model) which includes the r-square output, parameter coefficients and t-statistics. To see whether a hypothesis can be accepted or rejected, among others, by paying attention to the significance value between constructs, t-statistics, and p-values. The rules of thumb used in this study are t-statistics > 1.96 with a significance level p-value of 0.05 (5%) and a positive beta coefficient (Abdillah & Hartono, 2015).

**V. CONCLUSION**

Theoretical and practical implications based on this research can be considered for future research. The conceptual model of this study provides another example that differs from previous research, given the continuous development in the hospitality industry, academic research is seen as a tool that can help practitioners identify opportunities and solve problems (Law et al., 2012).

This conceptual model can be used as a reference and applied in companies to consider and develop innovation based on changes in the organizational environment. Therefore, leaders and managers of the hospitality industry, aiming to obtain innovative results in the managerial field, should capitalize on creating a climate of creativity.

**REFERENCES**


