

IMPROVING SMES INNOVATIVE WORK BEHAVIOR: HOW THE ROLE OF TRANSFORMATIONAL LEADERSHIP AND KNOWLEDGE SHARING IN THE DIGITAL ERA

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ABSTRACT

Purpose: There has been no previous research on innovative work behavior in SMEs, the variables of Transformational Leadership and Knowledge Sharing. This study aims to analyze Knowledge sharing on innovative work behavior and Transformational Leadership on innovative work behavior in SMEs

Design/methodology/approach: This research uses quantitative research methods. The dimensions of transformational leadership are ideal influence, inspirational motivation, intellectual stimulation, and individual consideration. The dimensions of innovative behavior are exploring ideas, creating ideas, fighting for ideas, and implementing ideas. The population in this study are SMEs managers. Respondents in this study were 640 SMEs managers who were determined by simple random sampling method. Data collection was carried out through an online questionnaire using a Likert scale using a scale of 7. Data analysis in this study used the Partial Least Square structural equation model (SEM) with SmartPLS 3.0 data processing software. The stages of data analysis begin with testing the validity and reliability of the instrument, determining and finally testing the hypothesis.

Findings: The variable Knowledge sharing has a positive and significant effect on the innovative work behavior variable, the transformational leadership variable has a positive and significant effect on the innovative work behavior variable.

Practical implications: The findings of this research can be used by SMEs managers to implement knowledge sharing and transformational leadership, to encourage increased innovative work behavior in SMEs, as well as for academics to support new knowledge and support theory.

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Authenticity/value: The novelty of this research is the relationship model of Innovative Work Behavior with transformational Leadership and knowledge sharing in the digital era which has not existed in previous studies.

Keywords: knowledge sharing, innovative work behavior, transformational leadership, SMEs.

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MELHORAR O COMPORTAMENTO PROFISSIONAL INOVADOR DAS PME: COMO FUNCIONAR A LIDERANÇA TRANSFORMACIONAL E A PARTILHA DE CONHECIMENTOS NA ERA DIGITAL

RESUMO

Objetivo: Não foi realizado qualquer estudo prévio sobre comportamentos de trabalho inovadores nas PME, as variáveis 'Liderança Transformacional' e 'Partilha de Conhecimentos'. Este estudo tem como objetivo analisar o compartilhamento de conhecimento sobre comportamentos de trabalho inovadores e Liderança Transformacional sobre comportamentos de trabalho inovadores em PMEs.

Projeto/metodologia/abordagem: Esta pesquisa utiliza métodos de pesquisa quantitativa. As dimensões da liderança transformacional são a influência ideal, a motivação inspiradora, a estimulação intelectual e a consideração individual. As dimensões do comportamento inovador são explorar ideias, criar ideias, lutar por ideias e implementar ideias. A população deste estudo é gerente de PMEs. Neste estudo foram entrevistados 640 gestores de PME que foram determinados pelo método de amostragem aleatória simples. A coleta de dados foi realizada através de um questionário on-line usando uma escala Likert usando uma escala de 7. A análise de dados neste estudo utilizou o modelo de equação estrutural parcial Least Square (SEM) com software de processamento de dados SmartPLS 3.0. Os estágios de análise de dados começam com o teste da validade e confiabilidade do instrumento, determinando e finalmente testando a hipótese.

Descobertas: A variável Compartilhamento de conhecimento tem um efeito positivo e significativo na variável de comportamento de trabalho inovador, a variável de liderança transformacional tem um efeito positivo e significativo na variável de comportamento de trabalho inovador.

Implicações práticas: Os resultados desta investigação podem ser utilizados pelos gestores das PME para implementar a partilha de conhecimentos e a liderança transformacional, para incentivar um maior comportamento de trabalho inovador nas PME, bem como para os académicos apoiarem novos conhecimentos e a teoria de apoio.

Autenticidade/valor: A novidade desta pesquisa é o modelo de relacionamento do Comportamento de Trabalho Inovador com a Liderança Transformacional e o compartilhamento de conhecimento na era digital, que não existiu em estudos anteriores.

Keywords: compartilhamento de conhecimento, comportamento de trabalho inovador, liderança transformacional, PME.



1 INTRODUCTION

Today's world of services is very competitive, so companies and organizations must face fast and dynamic changes. The Industrial Revolution 4.0 is characterized by unlimited technological developments. Along with technological developments, companies need new innovations to compete with other companies. According to Purwanto et al. (2023) Innovation is the introduction and implementation of new ideas, processes, products and procedures designed for better performance in work groups, organizations and the wider community. Innovation is expected to meet market needs, so that organizations are still able to compete with other companies. Thus, innovation is an important factor in the success of today's competitive and dynamic organizations (Sumarsi, 2019).

Innovation is a strategic priority for many organizations in meeting community needs or services. To achieve this, organizations need new innovations in services to remain relevant, while maintaining competitive advantage, development and long-term survival. The realization of an innovation in the organization if workers or organizational human resources are involved in innovative work behavior. According to Udim et al.(2023) Innovative work behavior is a form of behavior that aims to achieve the initiation and recognition of an idea, process and procedure for the organization. According to Sumarsi et al.(2020) Innovative work behavior of employees has a big role for the effectiveness and survival of the organization, which has a long-term impact on the sustainable development of the organization. Innovative work behavior is considered different from creativity, because innovative work behavior is sustainable until the idea can be promoted and implemented, while creativity is only limited to the generation of ideas. Innovative work behavior in employees leads to the ability of each individual to create new ideas and perspectives which in the future will be processed into an innovation. Increasing the innovative capabilities of employees can contribute more to success in generating, implementing, and implementing ideas to improve agency services (Khiong, 2023).The realization of innovative human resources requires knowledge to achieve maximum results. Knowledge is something that must be owned by organizations in designing new strategies. Knowledge is a strength and an asset in order to improve organizational performance, therefore human resources in organizations must manage, store and maintain. Performance and service improvements can be made by encouraging knowledge sharing (KS) behavior for each employee. Knowledge sharing plays an



important role in increasing employee competency. Knowledge sharing is sharing knowledge between individuals who have concrete knowledge, experience, techniques and opinions, and expects other individuals to apply this knowledge in the workplace. Knowledge sharing is a method for sharing knowledge, ways, experiences and ideas that one employee has with one another. other employees in an organization. Knowledge sharing can add more knowledge and information, so that it can facilitate the realization of innovative work behavior for each individual (Lazuardi, 2023).

According to Sunarsi et al(2020); Suhartono et al. (2023) said that to promote knowledge sharing behavior there are several factors such as leader characteristics, social networks, beliefs, and culture. So that the influence of leadership characteristics needs to be studied because it has a role in determining all activities in the organization . Transformational leadership is one of the most effective and charismatic leadership styles. Transformational leadership is a leadership style that has integrity to change the perspective of employees in doing work. Transformational leaders are leaders who have integrity and can inspire their members to achieve achievement and performance at the highest level. According to Wibowo et al. (2020); Vizano et al. (2020) said that transformational leadership and employee engagement tend to give positive results on the influence of employee knowledge-sharing behavior. Transformational leadership as a moderator because through the charisma of transformational leaders can inspire followers and support knowledge sharing activities. According Purwanto et al(2020);Desky (2020); Handi (2022) SMEs organizations are a sector that is relatively less flexible in innovating when compared to the private sector. History and characteristics that tend to be static, formal, status quo, and do not like change are closely related to the public sector's reluctance to take advantage of innovation. Thus, the development of the public sector is relatively behind compared to the business sector. One of the factors that can increase inovative behavior is knowledge sharing.

The development of public sector organizations is also inseparable from the role of a leader. Leaders are expected to be able to provide motivation, direction, role models, and even good influence for members to perform superior. Leaders with transformational leadership can awaken and motivate members to improve performance. Thus, the current research will use transformational leadership as a moderating variable. This research departs from several previous findings. Research related to transformational leadership with innovative work behavior has been researched by Vizano et al. (2020); Sunarsi et al.



(2020); Kadiyono et al. (2020), based states that there is a positive relationship mediated by 2 mechanisms, namely, work autonomy and management support. Another study by Sunarsi et al. (2020); Kadiyono et al. (2020), based on firm research objects (service and manufacturing sectors), also state that transformational leadership substantially influences innovative work behavior. While research related to transformational leadership and knowledge sharing has been researched by Wibowo et al. (2020); Kadiyono et al. (2020) based on research objects of companies in North India also stated that transformational leadership has a positive and significant impact on knowledge gathering and knowledge sharing by freelancers. The research reveals that employee involvement mediates a positive relationship between knowledge sharing and gathering knowledge and increasing knowledge for freelancers.

Research related to transformational leadership, knowledge sharing, innovative work behavior has been researched by Vizano et al. (2020); based on university objects in Vietnam with the results of the positive impact of transformational leadership, subjective norms, trust, self-efficacy, and knowledge affecting knowledge sharing behavior. While research related to knowledge sharing and innovative work behavior that has been studied by Purwanto et al. (2023) states that knowledge sharing has a positive effect on innovative behavior based on objects of the Taiwan Hospitality Industry. Based on previous research conducted in several countries using objects from various sectors, namely in the manufacturing sector, services, banking, private companies, firms, hospitals, and universities. One of the studies above Sunarsi et al. (2020); Kadiyono et al. (2020) provide suggestions for trying to research with the context of other objects and these suggestions will be followed up in the current research. The current research will use the object on employees in the public sector or government agencies.

2 THEORITICAL FRAMEWORK

2.1 KNOWLEDGE SHARING

According to Sunarsi et al.(2020); Kadiyono et al. (2020) Knowledge sharing or knowledge sharing generally refers to the movement of knowledge between different organizations or individuals, both within levels and departments. Knowledge sharing has the main objective of transferring knowledge from one individual to another, in which knowledge is an asset and resource needed by an organization. Knowledge sharing is an important basis for a company's competitive advantage. Knowledge sharing can generate



new knowledge that is beneficial to organizations because these activities can stimulate individuals to think more critically and more creatively. The existence of knowledge sharing activities has benefits that can be obtained including solving problems that arise, the emergence of innovative ideas, increasing the ability to achieve both individual and organizational goals, and minimizing the level of errors or repetition of the same mistakes. According to Purwanto et al. (2023) Knowledge sharing is a process in which individuals exchange their knowledge (tacit knowledge and explicit knowledge). Tacit knowledge is a type of knowledge contained in a person's mind according to the person's own understanding and experience. Whereas explicit knowledge is knowledge that has been collected and translated into a document (written) so that it is easily understood by others, for example articles, journals, books, etc. Knowledge sharing is one of the main processes in knowledge management which so far has been more focused on maximizing the utilization of knowledge by distributing knowledge to members of the organization who need it (Shanker et al., 2017).

2.2 INNOVATIVE WORK BEHAVIOR

According to Handi et al.(2020); Asbari et al. (2020) innovative work behavior is individual behavior that has the goal of reaching the stage of introducing ideas, processes and products that are new and useful for work, groups and organizations. Innovative behavior is behavior to create new ideas, tolerance for ambiguity, motivation to be effective, orientation to innovation, and achievements to introduce new and useful things, both in the form of ideas, processes, products, and procedures that play a role in individual performance. Innovative work behavior can be achieved through the use of knowledge and experience possessed by individuals to produce new ideas, processes and solutions. Innovative work behavior refers to the contribution of individuals and groups within the organization to introduce new services/products, work-related tasks or ideas to contribute to overall innovation and produce desired results. Innovative work behavior is important to gain a competitive advantage in the face of a rapidly changing and uncertain business environment. Innovative work behavior aims to promote the overall effectiveness and efficiency of the organization and its practices . Innovative work behavior is very important because employees are the main source of innovation in any organization; their innovations will work towards the success of the organization as a whole (Prayuda, 2019)



The importance of innovative work behavior, organizations need to foster innovative behavior among their employees. The concept of Innovative Work Behavior is increasingly popular in the scientific literature. Employees are important drivers for organizational innovation. They have the necessary knowledge capital for the development of innovations, which take the form of 'new combinations' of existing habits, processes or products (Putra et al., 2021). Employee innovative work behavior is a fundamental element that determines the competitive advantage of an organization. Employees who describe themselves in innovative work behaviors will work in different parts of their workplace at whatever point they recognize an opportunity, and they may also accept changes proposed by other hierarchical individuals. Innovative work behavior is needed for organizations to be able to improve organizational capabilities in the field of creativity and to be able to make their employees continue to produce new breakthroughs. Based on the description of innovative behavior above, it can be concluded that what is meant by innovative work behavior is someone's actions directed at finding, producing, introducing and applying new findings in the form of ideas or solutions (Wijaya et al. 2023).

2.3 TRANSFORMATIONAL LEADERSHIP

Based on Burns' study, transformational leadership will emerge when leaders and followers complement each other towards a high level of morality. According to Haudi et al.(2020); Ashari et al. (2020) Transformational leadership is considered to have a better ability to encourage followers towards positive change. Because transformational leaders are able to involve, arouse, and motivate their followers. According to Kadiryoono et al. (2020) transformational leaders can create a supportive work environment through individual inspiration, motivation, and consideration. Such a supportive work environment increases motivation effectively to be involved in initiating and implementing new ideas or ideas. The leader of an organization becomes an agent of change for himself and the organization he leads. The leader's duty is to direct its members to the form of change and focus on change policies to motivate individual behavior, including including innovative behavior. The type of leadership that gets people to put their energy into strategy is called transformational leadership. Anticipating better future conditions, the type of transformational leadership is considered as an alternative model of leadership that is appropriate and adaptive in a rapidly changing environment. One



comprehensive change agent theory is the theory of transformational leadership (Asbari et al., 2021).

The theory of transformational leadership was originally formulated by Burns in 1978 and then developed by Bass in 1985. Conceptually, transformational leadership is defined as the ability of leaders to change the work environment, work motivation, work patterns and work values perceived by subordinates so that they are able to optimize performance to achieve organizational goals. This means that a transformation process occurs in the leadership relationship when the leader builds awareness among subordinates of the importance of work values and encourages changes towards common interests including organizational interests (Johan, 2021). Transformational leadership essentially explains the process of the relationship between superiors and subordinates which is based on values, beliefs and assumptions regarding the vision and mission of the organization (Muliati et al., 2022). The main premise of transformational leadership theory is the ability of leaders to motivate followers to achieve organizational goals. Transformational leadership is leadership that provides consideration and intellectual stimulation that has charisma. Charisma can be seen in the behavior of leaders who give personal attention to their subordinates and treat employees as whole individuals and respect the caring attitude of employees towards the organization. The effect is that subordinates feel cared for and treated humanely by their superiors. The theory of transformational leadership developed by Bass (1985) studies how leaders change the work environment and organizational structure to be more consistent with management strategies for achieving organizational goals. Transformational leadership is a leadership style that inspires followers to be selfless for the good of the organization, and is able to have a striking and extraordinary effect on followers (Haq et al., 2022). Transformational leadership refers to the process of building commitment to organizational goals and empowering followers to achieve those goals. The theory of transformational leadership is one of the most popular leadership theories, because of its great influence on organizational progress. According to Haudi et al.(2020); Asbari et al. (2020) Transformative leaders are able to make employees prioritize organizational interests above personal interests and have a strong commitment to achieving the organization's vision. This positive thing will eventually be positively correlated with individual and organizational performance.



2.4 THE EFFECT OF KNOWLEDGE SHARING ON INNOVATIVE WORK BEHAVIOR

Knowledge sharing or sharing knowledge with the team is positively related to innovative work behavior. The results of the study also show that knowledge sharing encourages employees to innovate, whereas team employees are encouraged to be more innovative. In particular, employees with high levels of knowledge sharing report higher levels of innovative behavior. According to research by Wibowo et al. (2020); Kadiyono et al. (2020) where individual willingness to share knowledge allows organizations to promote innovative work behavior. Furthermore, research (Abukhair et al, 2019) also confirms that knowledge sharing has significant power and impact on employee innovative behavior. According to Sunarsi et al.(2020); Kadiyono et al. (2020) emphasized that sharing knowledge offers opportunities for employees to receive more solutions, opinions, suggestions, ideas, and information from other colleagues. Opportunities for employees to get the right decisions and the best solutions when sharing knowledge applies in an organization. Meanwhile, research implies that employees must participate in sharing the desired knowledge to support innovation processes such as finding ideas and keeping ideas alive. The various studies above show that the relationship between knowledge sharing and innovative work behavior can encourage employees to innovate and develop new capabilities, because knowledge sharing is a basic means for employees to exchange knowledge. Based on the explanation above, the hypothesis can be made as follows,

H1: Knowledge sharing has a positive effect on innovative work behavior

2.5 THE EFFECT OF TRANSFORMATIONAL LEADERSHIP ON INNOVATIVE WORK BEHAVIOR

According to Wibowo et al. (2020); Kadiyono et al. (2020) stated that transformational leadership can be a moderating variable through the charisma of the leader. Based on research (Phung et al., 2019), it provides evidence that the higher the knowledge sharing behavior, the higher the innovative work behavior of each individual. These findings indicate that leaders focus on promoting innovative work behaviors of employees during their work. This can be done by them creating, promoting, and better implementing new ideas, methods, techniques or instruments obtained from knowledge sharing activities. According to Sunarsi et al.(2020); Kadiyono et al. (2020) revealed that



the charismatic behavior of leaders can also facilitate knowledge sharing by donating and gathering knowledge among members through inspiration, energy, and clear goals. So, based on the explanation above, transformational leaders can encourage their followers to contribute to the vision of the organization through knowledge sharing in realizing innovative work behavior in the organization. Based on the explanation above, the hypothesis can be made as follows,

H2: Transformational leadership has a positive effect on innovative work behavior.

3 METHODOLOGY

This research uses quantitative research methods. The dimensions of transformational leadership are ideal influence, inspirational motivation, intellectual stimulation, and individual consideration). & V. The dimensions of innovative behavior are exploring ideas, creating ideas, fighting for ideas, and implementing ideas. The population in this study are SMEs managers. Respondents in this study were 640 SMEs Managers determined by simple random sampling method. Data collection was carried out through an online questionnaire using a Likert scale using a scale of 7. Data analysis in this study used the Partial Least Square structural equation model (SEM) with the data processing software SmartPLS 3.0. The stages of data analysis began with testing the validity and reliability of the instrument, determining and finally testing the hypothesis.

From the theoretical analysis and previous research, hypotheses can be developed that can be tested to determine whether the theory formulated is valid or not and a research model can be developed as shown in Figure 1 below:

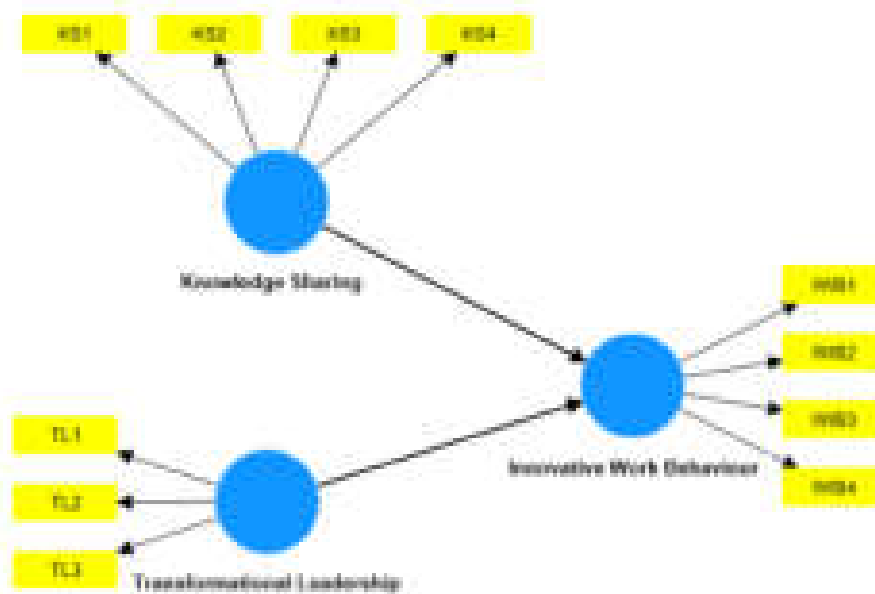
The research hypothesis is

H1: Knowledge sharing has a positive effect on innovative work behavior

H2: Transformational leadership has a positive effect on innovative work behavior.



Fig 1. Research Model



Source: Results of data analysis by the authors

4 RESULT AND DISCUSSION

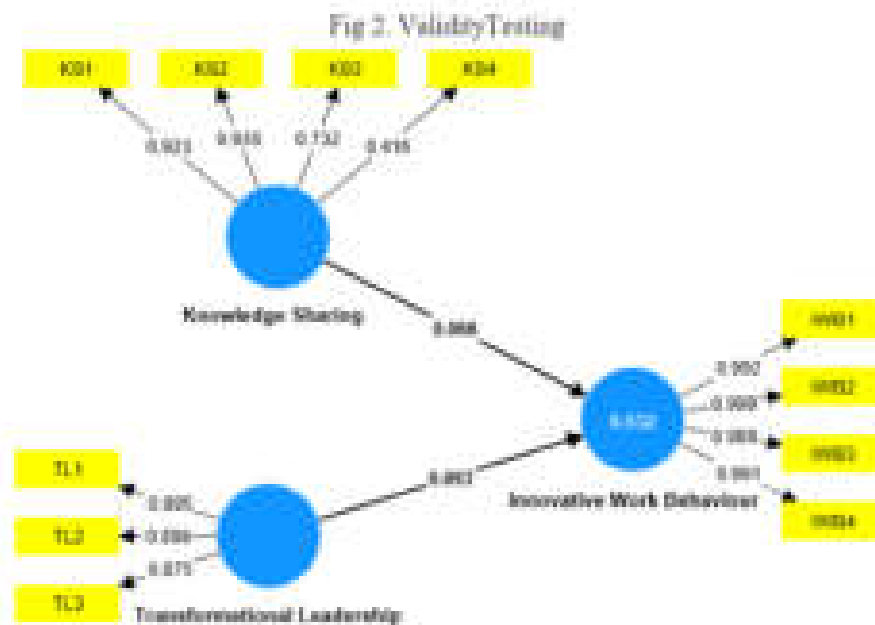
4.1 RESPONDENTS PROFILE

In total 640 SMEs managers participated. The most men (80%), then women (20%). Additionally, they have different age groups that include under 30 years (15%), ranging from 30-40 years (55%), and over 40 years (30%). The tenure as a owner also varies, some of them are under 5 years (25%), ranging from 5-10 years (55%), and more than 10 years (20%). Meanwhile, the majority of their last education degree ranges from Master's Degree (75%) and Doctoral (25%).

4.2 VALIDITY TESTING

To find out the magnitude of the influence of these variables, it has been tested using a structural equation modeling using SmartPLS 3.2.0 software. The stages of the PLS SEM analysis according to Ghozali (2021) evaluate the outer model using the following criteria: convergent validity, discriminant validity and reliability for each variable. Based on the validity test analysis using structural equation modeling, it was found that all indicators had a loading factor greater than 0.70, so it was concluded that all indicators met the validity requirements. Convergent Validity is done by looking at item reliability (validity indicator) indicated by the loading factor value. Loading factor is a number that shows the correlation between the score of an item in question and the

score of the construct indicator. A loading factor value greater than 0.7 is said to be valid. In this study the loading factor limit used was 0.7.



Source: Results of data analysis by the authors

Based on the validity test, it was obtained that the values of all indicators were greater than 0.6 so that it was concluded that all indicators met the validity requirements. Next is the reliability test with the criterion of Cronbach's Alpha value greater than 0.5. Composite Reliability and Average Variance Extracted (AVE) values are greater than 0.7. Discriminant validity is carried out by looking at the cross loading value of construct measurements. The cross loading value shows the correlation between each construct and its indicators and indicators from other block constructs. A measurement model has good discriminant validity if the correlation between the construct and its indicators is higher than the correlation with indicators from other block constructs.

Table 1. Average Variance Extracted (AVE)

Variables	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Knowledge Sharing (KS)	0.798	0.818	0.634
Transformational Leadership (TL)	0.716	0.845	0.619
Innovative Work Behavior (IWB)	0.767	0.898	0.618

Source: Results of data analysis by the authors



Based on the reliability test, it was found that all variables had Cronbach's Alpha values greater than 0.5. The Composite Reliability and Average Variance Extracted (AVE) values are greater than 0.7 so that it is concluded that all variables meet the reliability requirements.

Table 2. Discriminant Validity

Var	KS	TL	IWB
KS	0.865		
TL	0.831	0.965	
IWB	0.723	0.910	0.845

Source: Results of data analysis by the authors

Based on Table 2 above, it can be seen that the correlation value of each variable with the variable itself has the greatest value when compared to the correlation value with other variables. So based on the results of Table 2 it can be concluded that this study has fulfilled the discriminant validity test.

Table 3. Collinearity (VIF)

Var	IWB
KS	1.098
TL	2.187

Source: Results of data analysis by the authors

Multicollinearity in a regression model can be determined by calculating the Variance Inflation Factor (VIF) value. VIF is a factor that measures how much the variance of the regression estimators increases compared to the independent variables which are orthogonal if connected linearly. If VIF is greater than 5, then the variable has a multicollinearity problem with other independent variables. Multicollinearity test results for research respondents obtained that the VIF value is less than 5 so that it can be stated that the model does not experience symptoms of multicollinearity.

4.3 HYPOTHESIS TESTING

The next step is to test the hypothesis, based on the analysis of the validity test using structural equation modeling, the results are as follows:

The effect test was carried out using the t-statistical test in the partial least squared (PLS) analysis model using the SmartPLS 3.0 software. With the bootstrapping technique, the R Square value and the significance test value were obtained in Table 5. The results for all hypotheses (H1, H2, H3) are supported.



Tabel 4. Hypotheses Testing

Hypotheses	Relationship	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O-0)/STDEV	P Values	Decision
H1	KS → IWB	0.066	0.112	0.013	4.543	0.000	Supported
H2	TL → IWB	0.693	0.798	0.022	2.098	0.000	Supported

Source: Results of data analysis by the authors

From the value of the hypothesis testing table, it is known that all hypotheses in the study are accepted because they have a p-value below 0.05. The following is an explanation of the results of the t statistical test that has been carried out along with the discussion:

4.4 THE EFFECT OF KNOWLEDGE SHARING ON INNOVATIVE WORK BEHAVIOR

the standardized coefficients table is 0.066 and the results are significant seen from the significant table of 0.00 which is less than 0.05. This means that Knowledge sharing has a positive effect on innovative work behaviour, the better the knowledge sharing activities are carried out, the more innovative work behavior of employees in agencies will result in significant increase. In accordance with the main purpose of knowledge sharing between employees, namely to transfer knowledge into organizational assets and resources. This is in line with research conducted by Vizano et al. (2020); Sumarsi et al. (2020); Huhais et al. (2023) where individual willingness to share knowledge allows organizations to promote innovative work behavior. Furthermore Sanguanwongs (2023) also confirms that knowledge sharing has significant power and impact on employee innovative behavior. Individuals who are willing to exchange and share knowledge can stimulate their thought processes to generate new and creative ideas. This is supported by several studies previously conducted by According to Purwanto et al. (2023); Kadiyono et al. (2020) provide evidence that the higher the knowledge sharing behavior, the higher the innovative work behavior of each individual. The findings show that leaders focus on promoting innovative work behaviors of employees during the course of their jobs. This can be done by them creating, promoting, and better implementing new ideas, methods, techniques or instruments obtained from knowledge sharing activities. According to Supriyanto et al. (2023); Kadiyono et al. (2020) revealed that the charismatic behavior of leaders can also facilitate knowledge sharing by donating and gathering knowledge among members through inspiration, energy, and clear goals.



Sharing knowledge among employees in the organization will foster a sense of cooperation and give each other input. This will encourage innovative behavior within the organization. Sharing knowledge can increase a company's ability to innovate and optimize the ability of human resources to find creative ideas (Saadah et al., 2022). Another important finding is that knowledge sharing is able to mediate the development of innovative behavior within the organization. SMEs owners also always share their knowledge with employees as an example so that employees can provide the latest information about product (Akram et al., 2020). This support causes employees to follow the example given by the owner according to with research results. The process of sharing knowledge in SMEs also occurs between employees. Usually employees share knowledge when there is an important event, for example when there is a large order and it is necessary to exchange knowledge to fulfill the order. Another example is when one of the employees has attended training outside of SMEs, the employee usually shares his knowledge with other employees during his free time. This knowledge-sharing behavior will encourage the development of innovative behaviors that support research findings. This is in accordance with the theory which states that the development of innovation in organizations will be easier if there is knowledge sharing within the organization, because through sharing knowledge, the ideas possessed by employees will be more developed and produce a better innovation (Prayuda, 2023).

4.5 THE EFFECT OF TRANSFORMATIONAL LEADERSHIP ON INNOVATIVE WORK BEHAVIOR

the standardized coefficients table is 0.693 and the results are significant seen from the significant table of 0.00 which is less than 0.05. This means that transformational leadership has a positive effect on innovative work behaviour. According to Sanarsi et al.(2020); Kadiyono et al. (2020) revealed that the charismatic behavior of leaders can also facilitate knowledge sharing by donating and gathering knowledge among members through inspiration, energy, and clear goals. So, based on the explanation above, transformational leaders can encourage their followers to contribute to the vision of the organization through knowledge sharing in realizing innovative work behavior in the organization. Based on the explanation above, the hypothesis can be made as follows. According to Wibowo et al. (2020); Kadiyono et al. (2020) stated that transformational leadership can be a moderating variable through the charisma of the leader. Based on



research (Phung et al., 2019), it provides evidence that the higher the knowledge sharing behavior, the higher the innovative work behavior of each individual. These findings indicate that leaders focus on promoting innovative work behaviors of employees during their work. This can be done by them creating, promoting, and better implementing new ideas, methods, techniques or instruments obtained from knowledge sharing activities (Praditya, 2019)

The results of hypothesis testing show that transformational leadership has a significant and positive effect on employee innovative work behavior. The influence between transformational leadership and innovative work behavior of employees is that the better and more effective the transformational leadership, the more innovative work behavior of employees will increase. This is consistent with the resource-based view theory which analyzes an organization's competitive advantage based on the resources and capabilities of an organization. Transformational leadership motivates followers to achieve levels of achievement above the resulting expectations. Research by Aniza and Santoso (2020) states that transformational leadership has a significant and significant effect on innovative work behavior in SMEs employees

5 CONCLUSION

The results of the research on the first hypothesis show that knowledge sharing has a positive and significant effect on innovative work behavior. The results of the research on the second hypotheses indicate that transformational leadership can strengthen the relationship between knowledge sharing and innovative work behavior. Based on the limitations of the research described previously, it is suggested for further research to conduct research with a wider scope, the innovative work behavior variable can be measured using a cross check from superiors, distinguishing employee status, using more varied variables, and including open questions on the questionnaire. The variable Knowledge sharing has a positive and significant effect on the innovative work behavior variable, the transformational leadership variable has a positive and significant effect on the innovative work behavior variable. Practical implications, the findings of this research can be used by SMEs managers to implement knowledge sharing and transformational leadership, to encourage increased innovative work behavior in SMEs, as well as for academics to support new knowledge and support theory. The novelty of this research is the relationship model of Innovative Work Behavior with transformational Leadership



and knowledge sharing in the digital era which has not existed in previous studies. The presence of transformational leadership can assist individuals in understanding how a task can be carried out effectively. Therefore, transformational leadership can make a job more effective by providing motivation both individually and in groups. In addition, the impact of direct knowledge sharing must also receive attention because it shows a similar impact to employee innovative work behavior. Although knowledge sharing does not act as a moderator of the leadership relationship. Therefore, sharing knowledge can be the key to organizational development, especially in increasing innovative work behaviour. This research pays attention to the role of transformational leaders in increasing innovative work behavior in small and medium industries. The findings of this study indicate that transformational leadership is able to encourage employees to involve themselves in innovative work behavior. Likewise, sharing knowledge shows the same thing where sharing knowledge shows a contribution in increasing innovative work behavior. However, knowledge sharing does not act as a moderator of transformational leadership towards innovative work behavior.



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