The Effect of Innovative Leadership and Creative Leadership to Organizational Learning, Organizational Adaptation and Adaptive Performance

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ABSTRACT

An integrative model of the influence of innovative leadership and creative leadership on adaptive performance was developed and tested. Organizational learning, and organizational adaptation were treated as intermediary variables. To achieve the purpose of the research, the model was developed as indicated and analyzed using SEM with Smart-PLS. The results, suggest that the effect of innovative leadership on adaptive performance is positive and insignificant, this means that the better innovation leadership will tend to increase adaptive performance, even though the increase is not significant. But rest variables have direct effect positive and significant, as well as indirectly effect. Specifically, innovative leadership and creative leadership affect adaptive performance indirect through their effects on organizational learning, and organizational adaptation are positive and significant. In general, findings of the study support major findings of previous studies, extend and integrate previous models, in which they are discussed.

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1. Introduction

Adaptive performance is a critical characteristic to have when being the leader of an organization because it aids in successfully handling any workplace situations that may arise and helping an organization progress. Adaptive performance in leadership is valued by employers because an employee tends to exemplify and motivate adaptive behavior within other individuals in the workforce (Nelson, Zaccaro, Herman, 2010).

Leaders in organizations, today, operate in contexts of increasing change and complexity, such as globalization (Morris, Kuratko and Covin, 2011). To deal with these conditions, it is important expected to understand adaptive performance, in the work environment refers to adjusting and understanding change in the workplace (Pulakos et al., 2000). To adapt to new changes, the need for innovation in organizations has resulted in a new focus on the role of leaders in shaping the nature and success of creative efforts (Mumford & Licuanan, 2004). In this research those represented by innovative leadership and creative leadership.

There are not many studies have been conducted that are identical to this issues. This becomes more interesting because the organization is always dealing with changes in the organizational environment where many challenges and opportunities that must be faced by the organization from the standpoint of organizational learning and organizational adaptation. This study attempts to determine the influence of innovative leadership and creativity leadership through organizational learning, and organizational adaptation on adaptive performance.

2. Theory

Based on leadership theory there is one useful way to classify and research. It is by the level of analysis. Lussier and Achua (2010) propose the three level of analysis of leadership theory are individual, group, and organizational. The last one which used in this study is the third level of analysis of leadership theory focuses on the organization. This level also called organizational process. Performance in the long run depends on

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effectively adapting to the environment and acquiring the necessary resources to survive, and on whether the organization uses an effective transformation process to produce its product and services. Much of the current research at the organizational level focuses on how top level managers can influence performance.

There are four major classification of leadership theory, also called research approaches. Leadership theory classification include trait, behavioral, contingency, and integrative (Lussier and Achua, 2010). the paradigm used in this study is the contingency leadership theory paradigm, theories that attempt to explain the appropriate leadership style based on the leader, followers, and situation. The contingency theory paradigm emphasizes the importance of situational factors (Lussier and Achua, 2010).

Leadership is seen by some as one of the most influential predictors of innovation in organizations (Mumford et al., 2002). Several studies have shown that effective leadership is critical to successful innovative efforts in organizations (Yukl, 2009). To understand the complex process of how leaders can influence subordinates on innovation, it can be seen from the theory of transformational leadership

Next, J. M. Burns first articulated the idea of transformational leadership in 1978 before Bernard Bass expanded on it almost a decade later. Transformational leadership focuses largely on the leader's vision rather than on follower attributions. Transformational leadership serves to change the status quo by articulating to followers the problems in the current system and a compelling vision of what a new organization could be.

3. Research Method

An explanatory research with quantitative approach using a survey was employed in this study. A survey is defined as "a method for gathering information from a sample of individuals" (Scheuren, 2004). A five-step process for conducting survey research in organizations was proposed by Bartlett (2005). This process consists of defining the purpose and objectives, deciding on the sample, creating and pre-testing the instrument, contacting the respondents, and collecting and analyzing data.

Population of this research are employee of PT. Otsuka Indonesia. This research using proportionate stratified random sampling design. Once the population has been proportional in some meaningful way, a sample of members from each stratum can be drawn using either a simple random sampling or a systematic sampling procedure. Members represented in the sample from each part will be proportionate to the total number of elements in the respective part. The sample size was determined proportionately taken from PT. Otsuka Indonesia organizational structure and counted using the Slovin's formula with 228 chosen as respondent.

The instrument for this study was composed of some sections, such as: general description information of innovative leadership, creative leadership, organizational learning, organizational adaptation, and

adaptive performance. There are items in the survey with a 5-point Likert-type response scale ranging from 1 (strongly disagree) to 5 (strongly agree). The criteria for an item are said to be valid if it has a positive correlation coefficient and is greater than 0.3. Moreover, a research instrument is said to be reliable if the *Cronbach's Alpha* value is ≥ 0.6 (Solimun, Fernandes, and Nurjannah, 2017). All items in this research are valid. This proved from the Corrected item-total correlation value for all items ≥ 0.3 . Reliability investigation result of variables are reliable. This proved from the value of Cronbach's Alpha ≥ 0.6 .

Structural equation modeling (SEM) with Partial Least Squares (PLS) approach was used to conduct the data analysis for testing the research hypotheses and hypothesized model. SEM is a feasible statistical tool for exploring the multivariate relationships among some or all of the variables (Solimun, Fernandes, and Nurjannah, 2017). It also provides a comprehensive approach to a research question for measuring and analyzing theoretical models. A structural equation model examines the hypothesized factor structure for all variables. The SEM examines measurement error and provides path coefficients for both the direct and indirect effects of structural hypotheses.

4. Results

According to Henseler and Sinkovics (2009) a questionnaire is said to meet convergent validity can also be seen of the P-Value, the result shows the P-Value of all variables ≤ 0.05 , the questionnaire can be said to have fulfilled the convergent validity. Discriminant validity can be fulfilled by looking at the roots of average extracted (AVE) on each variable must be greater than latent variable correlations (LVC), this criterion is called Fornell-Larcker Criterion. The result shows that the whole root of AVE (number on the main diagonal) is greater than the LVC value (number below the main diagonal).

The result shows the Composite Reliability value for each variable is ≥ 0.7 , so the questionnaire can be said to have met the composite reliability (Hair et al., 2014). The result shows that the Cronbach's Alpha value for each variable ≥ 0.6 , so that the questionnaire can be said to have met the composite reliability (Masrun., 1992).

Linearity testing is intended to determine the linearity of the relationship between exogenous variables and endogenous variables. It is known that with a 95% confidence level it has been proven that the relationship between exogenous and endogenous variables when linear modeling produces a P-Value > 0.05 so that all the above variables have a linear relationship.

The result shows that the R-Square value on the Organizational Learning variable is 0.395, meaning that the endogenous variable is able to explain the Organizational Learning variable by 39.5% (has a large effect). The result shows the R-Square value on the Organizational Adaptation variable is 0.260, meaning that the endogenous variable is able to explain the Organizational Adaptation variable by 26% (has a large effect). The result shows the R-Square value on

the Adaptive Performance variable is 0.455, meaning that the endogenous variable is able to explain the Adaptive Performance variable of 45.5% (has a large effect). Moreover, all VIF values ≤ 3 indicate that there is no indication of vascular collinearity.

The structural model of this study is shown in the following figure:

Figure 1. Structural Model

5. Discussion and Conclusion

The effect of Innovative Leadership on Adaptive Performance with a coefficient of 0.111 (11,1%) and P-Value > 0.05 , so the effect is said to be insignificant. Outcomes of innovative leadership include inspiring employees to the create and implement novel ideas for products, services, and technologies. In addition, these novel ideas can also be used to solve problems within an organization. What this illustrates is that innovation spurred by innovative leadership can be translated across various industries and can be used for a multitude of purposes. Ultimately, inspiring and initiating innovation leadership can serve to the performance. Next, Shoss *et al.* (2012) state that adaptive performance is a facet of performance that reflects acquiring enhanced competencies in response to change.

The effect of Innovative Leadership on Organizational Learning with a coefficient of 0.367 (36,7%). The result of this study similar with Vashdi *et al.* (2018) study which took a step forward in demonstrating theoretically, empirically and practically the relationship between leadership and organizational learning. More specifically, the approach taken in the current study clarifies how certain leadership behaviors operate and relate to organizational learning.

The effect of Innovative Leadership on Organizational Adaptation with a coefficient of 0.328 (32,8%). This result in line with study of George and Lin (2017) that provide a stylistic model of the role of analytics in innovation and call for further research on the underlying processes, contingencies, and outcomes. Innovation is shown simplistically as consisting of two parts: Idea generation (ideation) and Innovation actuator (prototyping).

Creative Leadership influence significantly on Adaptive Performance. It shows with a coefficient of 0.237 (23,7%). Empirically, Creative Leadership offers a workable solution that can be suitably adopted by the

organizations to transform the performing managers or executives to creative leaders in their respective domains (Ghosh, 2016).

The effect of Creative Leadership on Organizational Learning with a coefficient of 0.400 (40,0%). The result of this study is in line with Birasnav *et al.* (2019) which states that organizational learning theory highlights that the learning capacity of an organization strongly depends on top-level leaders' behaviors, organizational structure, culture, and flexibility, and uncertainties in the environment in which the organization functions.

The effect of Creative Leadership on Organizational Adaptation (Y3) is very significant with a coefficient of 0.297 (29,7%). This study result support Uhl-Biehn and Arena (2018) that leadership for organizational adaptability calls for scholars and practitioners to recognize *organizational adaptability* as an important organizational outcome, and *enabling leadership* (i.e., enabling the adaptive process through adaptive space) as a critical form of leadership for adaptive organizations.

The effect of Organizational Learning on Adaptive Performance (Y4) with a coefficient of 0.194 (19,4%). Birasnav *et al.* (2019) states improved learning capability reshapes organizations into flexible systems capable of responding quickly to customer requirements, and consequently, they realize a higher performance level. This result is also confirmed by the statement of Rose *et al.* (2009) that organizations at the same time will be able to achieve benefits such as increased organizational commitment, job satisfaction and performance.

The effect of Organizational Adaptation on Adaptive Performance with a coefficient of 0.208 (20,8%). This result in line with Uhl-Biehn and Arena (2018) study which know a lot about how to enable and empower people for productivity and performance. We need to now extend our understanding to enabling people, systems and structures for organizational adaptability. The complexity leadership model of leadership for organizational adaptability offers a way to do this. It provides a meta-framework for synthesizing across a wide range of literatures and perspectives to make sense of the disparate findings and provide a clearer picture of the role of leaders and leadership in enabling adaptability in organizations.

The effect of variable Creative Leadership on the Adaptive Performance variable indirectly through Organizational Adaptation with a P-Value ≤ 0.05 is significant. So it can be said that Organizational Adaptation is the mediating variable of the influence of Creative Leadership on Adaptive Performance. The indirect effect of Creative Leadership on Adaptive Performance through Organizational Adaptation produces a value of 0.062 (6,2%). Based on the results of this study indicate that Adaptive Performance will increase when Creative Leadership and Organizational Adaptation increase.

The effect of variable Innovation Leadership on the variable Adaptive Performance indirectly through Organizational Adaptation with a P-Value ≤ 0.05 is significant. So it can be said that Organizational Adaptation is the mediating variable of the effect of

Innovation Leadership on Adaptive Performance. The indirect effect of Innovation Leadership on Adaptive Performance through Organizational Adaptation produces a value of 0,068 (6,8%). Based on the results of this study indicate that Adaptive Performance will increase when Innovation Leadership and Organizational Adaptation increase.

The effect of variable Creative Leadership on the Adaptive Performance variable indirectly through Organizational Learning with a P-Value ≤ 0.05 is significant. So it can be said that Organizational Learning is the mediating variable of the influence of Creative Leadership on Adaptive Performance. The indirect effect of Creative Leadership on Adaptive Performance through Organizational Learning produces a value of 0,077 (7,7%). Based on the results of this study indicate that Adaptive Performance will increase when Creative Leadership and Organizational Learning increase.

The effect of variable Innovation Leadership on the variable Adaptive Performance indirectly through Organizational Learning with a P-Value ≤ 0.05 is significant. So it can be said that Organizational Learning is the mediating variable of the effect of Innovation Leadership on Adaptive Performance. The indirect effect of Innovation Leadership on Adaptive Performance through Organizational Learning produces a value of 0,071 (7,1%). Based on the results of this study indicate that Adaptive Performance will increase when Innovation Leadership and Organizational Learning increase.

The effect of innovation leadership on adaptive performance is positive and insignificant, this means that the better innovation leadership will tend to increase adaptive performance, even though the increase is not significant. This result is not support Carmeli *et al.* (2010) and Shoss *et al.* (2012) which states there is a significant influence of innovation leadership on adaptive performance. The effect of innovation leadership to organizational learning is positive and significant, this means that the better innovation leadership will tend to increase organizational learning. The results of this study support the results of previous studies conducted by Vashdi *et al.* (2018) which states there is a significant influence of innovation leadership on organizational learning. The effect of innovation leadership to organizational adaptation is positive and significant, this means that the better innovation leadership will tend to increase organizational adaptation. The results of this study support the results of previous studies conducted by George and Lin (2017), Uhl-Biehn and Arena (2018) which states there is a significant influence of innovation leadership on organizational adaptation. The effect of creative leadership to adaptive performance is positive and significant, this means that the better creative leadership will tend to increase adaptive performance. The results of this study support the results of previous studies conducted by Ghosh (2016), Uhl-Biehn and Arena (2018) which states there is a significant influence of creative leadership on adaptive performance. The effect of creative leadership to organizational learning is positive and significant, this means that the better creative leadership will tend to increase organizational learning. The results of this

study support the results of previous studies conducted by Birasnav *et al.* (2019), Cheng *et al.* (2014) which states there is a significant influence of creative leadership on organizational learning. The effect of creative leadership to organizational adaptation is positive and significant, this means that the better creative leadership will tend to organizational adaptation fit. The results of this study support the results of previous studies conducted by Uhl-Biehn and Arena (2018) which states there is a significant influence of creative leadership on organizational adaptation. The effect of strategic fit to adaptive performance is positive and significant, this means that the better strategic fit will tend to increase adaptive performance. The results of this study support the results of previous studies conducted by Carmeli *et al.* (2010) which states there is a significant influence of strategic fit on adaptive performance. The effect of organizational learning to adaptive performance is positive and significant, this means that the better organizational learning will tend to increase adaptive performance. The results of this study support the results of previous studies conducted by Birasnav *et al.* (2019), Rose *et al.* (2009), Gomes & Wojahn (2017) which states there is a significant influence of organizational learning on adaptive performance. The effect of organizational adaptation to adaptive performance is positive and significant, this means that the better organizational adaptation will tend to increase adaptive performance. The results of this study support the results of previous studies conducted by Uhl-Biehn and Arena (2018) which states there is a significant influence of organizational adaptation on adaptive performance.

Finally, it is recommended for subsequent researchers to be able to explore more detailed information related to Leadership, Organizational Behavior, and Human Resource Management, especially related to variables innovation leadership and creative leadership, organizational learning, organizational adaptation, and adaptive performance through in-depth interviews and more comprehensive documentation.

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