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Linking empowering leadership to employee service innovative behavior: A study from the hotel industry

Abstract

The purpose of this paper is to expand an integrated model of the factors that help to predict employees' service innovative behavior in the hotel industry. The study also takes into account the mediating roles of creative improvisation, self-efficacy (CISE) and employee engagement (EE). Data were obtained from front line hotel employees operating in Indonesia. The sample was based on non-probability convenience sampling technique with some inclusive criteria namely the hotels accessibility, location and their adequacy to the research's objectives. A total of 121 respondents returned valid questionnaires thereby giving an average response rate of 51 % for the research study. Structural equation models using SMART PLS 2.0 were employed to empiric test as the hypothetical research model. The study findings supported the proposed hypotheses which are consistent with theoretical framework and suggest a significant positive association between empowering leadership and employee service innovative behavior. Further, the results of structural equation modelling analysis revealed that creative improvisation self-efficacy and employee engagement partially mediated the relationship between empowering leadership and employee service innovative behavior. This is one of the first studies attempts to test a conceptual model that links the empowering leadership to the employee service innovative behavior through the mediating role sequence of creative improvisation self-efficacy and employee engagement. This research contributes to the current body of literature by providing insight into the influence of empowering leadership, creative improvisation self-efficacy and employee engagement on employee service innovative behavior.

Key words: empowering leadership; employee engagement; creative improvisation self-efficacy; employee service innovative behavior

Introduction

Major organizational changes in the business worlds nowadays have occurred as a result of globalization and stiff competition (Adawiyah & Pramuka, 2017). A complex business climate forces every company to continue growing and developing (Burke & El-Kot, 2010; Sisodia, Wolfe & Sheth, 2003). The business milieu increases dynamically, marked by the turbulent business environment, the rapid technological developments, and the competition among the businesses which are much tighter as well as the product life cycles are getting shorter (Burke & Cooper, 2004). Such conditions, require companies to be more creative and innovative in order to survive the onslaught of competitors and keep maintaining the competitive advantage possessed (Müceldili, Turan & Erdil, 2013; Özaralli, 2015).

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Nowadays in disruptive economics era, it is no longer relevant if the company is still using a strategy that emphasizes the process of restructuring, cost efficiency or focus on the quality of products and services. The company must start making innovation as the main power in reaching customer attention, build a reputation and credibility of the company that lead toward the achievement of corporate competitive advantage (Babkin, Lipatnikov & Muraveva, 2015; Gonsel, Siachou & Acar, 2011).

Innovation refers to the process of initiation, generation, and introduction of new and useful ideas or invention into a good or service that creates value (Rogers, 2010). In a similar vein, Lendel, Hittmár and Latka (2015) contended that innovation is a form of change to the related information aiming at improving the quality of existing resources so that it has value-added novelty. An aspect of innovation that should be noteworthy in the global competition and also in achieving the positioning company in the eyes of consumers is service innovation as a process in applying new ideas and latest technology to develop a form of service that satisfy consumers (Zhang & Tao, 2007). At this time services companies considered not innovative in managing the service to consumers (Gyurác, Friedrich & Clarke, 2013; De Jong & Den Hartog, 2007) therefore it is very important for companies to know how to manage innovative services in order to meet the needs and desires of the customer (Hussain, Konar & Ali, 2016). Consequently, an assessment on the effectiveness of employees' performance should be conducted periodically to ensure the quality of human resources employed (Adawiyah, 2015)

The creativity and innovation theoretically connected to one another (Anderson, Potočnik & Zhou, 2016). Creativity interpreted by Fadaee and Alzahrh (2014) as individual ability that can lead to an intact invention or idea by the creative person, while innovation is the next process as implementation of the creative ideas resulted (Hunter, Friedrich, Bedell & Mumford, 2006). The company that willing to keep developing or maintaining the position in the midst of business must has creative and innovative behavior because both things are vital aspects that support the company's performance (Li & Zheng, 2014). One of the factors that attracts attention in encouraging the innovative behavior in a company is the role of the leader (Mumford & Licuanan, 2004). There are many studies about the leader's role towards the innovative behavior of employees, which is more emphasized on the carrying capacity of the leadership to employees (İşcan, Ersarı & Naktiyok, 2014; Mittal & Dhar, 2015; Nusair, Ababneh & Bae, 2012; Samad, 2012) with different contexts and results. However a very little research done on leadership that empowers employees whereas in conjunction with innovation, the characteristic of an empowering leader is needed. This thing is marked by the attitude of empowering leader who tends to involve the participation of employees in decision making, express the confidence of employees and remove the bureaucratic constraint (Ahearne, Mathieu & Rapp, 2005; Zhang & Bartol, 2010). The organization that has characteristic of empowerment in every aspect of its operational activities is commonly associated with a leader who can improve self-efficacy of the team members and has good control capabilities in the workplace (Xue, Bradley & Liang, 2011) in order to encourage the innovative ability of the workers.

This research will specifically propose a conceptual model that portray the relationship between empowerment leader and employees' service innovative behavior, which aims at enhancing researchers' understanding on the correlation between two variables that can be used by organizations as one of means to accelerate the performance companies. The next component from this research is to develop a hypothesis through the theories that support and followed by the research method used to solve the problems and data analysis posed, as well as the results. At the end of the chapter, the research concludes with a conclusion, including theoretical and managerial implication, and limitations conducted by the researcher.

Theoretical background and hypotheses

Empowering leadership

Empowering Leadership is a broad concept which refers to a process of sharing power with employees and raising level of autonomy and obligation to followers through a specific set of leader behaviors that entails enhancing the meaning of work (Ahearne et al., 2005; Arnold, Arad, Rhoades & Drasgow, 2000; Zhang & Bartol, 2010). Research on empowering leadership adopted various viewpoints on how this type of leadership characteristics and behavior is linked to various outcomes. Empowering leadership is a signal to subordinates that their leader believes them, trust in their capabilities, and is enthusiastic to support and provide them with necessary resources (Hassan, Mahsud, Yukl & Prussia, 2013). The four dimensions of leader empowering behavior, introduced by (Ahearne et al., 2005) are as follow: Enhancing the meaningfulness of work where empowering leaders focus on how subordinates accomplish their work in meaningful ways and increasing employees' sense of worth (Martin, Liao & Campbell, 2013). Fostering participation in decision-making defined as allowing and involving subordinates to participate in problem solving processes (Dierendonck & Dijkstra, 2012). Expressing confidence in high performance where empowering leaders believes that employees can handle demanding tasks and express confidently employee ability to perform at a high level (Chen, Sharma, Edinger, Shapiro & Farh, 2011). Further, with provided autonomy from bureaucratic constraints, leaders enable subordinates to fully contribute and make quality decisions that are valuable to the organization (Sagnak, 2012). The nature of empowering leader motivates employees to improve performance, enhance employee positive attitudes and allows employees to be more adaptive and receptive of their environments (Forrester, 2000). Ultimately, this is a fundamental belief that empowering leader encourages creative and innovative behaviors (Raub & Robert, 2010).

Employees' service innovative behavior

Innovation refers to generation and implementation of creative ideas within the work environment (Drucker, 2014; Zhou & George, 2001). Creativity can be considered to be a kind of innovative behavior that includes not only generating new and valuable ideas but also introducing others' new notions to one's business institution (Yuan & Woodman, 2010). Various scholar and researcher have explicated the connection between the two terms innovation and creativity, while creativity means the creation of new ideas which does not exist before in order to solve problems (Okpara, 2007). Furthermore, the term invention which almost has the same connotation of creativity as Fagerberg (2004) distinguished between invention and innovation. His argumentation state that invention is the first occurrence of an idea for a new product or procedure, while innovation is the first attempt to carry it out into practice.

Employee service innovation is derived from individual innovative behavior as an accumulation of creative thinking, expertise and knowledge (Gong, Huang & Farh, 2009), that can contribute to sustainable competitive advantage of organization.

Hypotheses

Empowering leadership and employees' service innovative behavior

This current era of globalization has sifted the paradigm of the company's business (Hari Adi, Wihuda & Adawiyah, 2017), while the appearance of innovation superhighway and digital economy (Amidon, 2003) has brought a significant impact on competition between business entities. Other changes that should be considered by the businessman is the start of shifting from the industrial economy to the

knowledge based economy which then continues into an economy based on creativity (Howkins, 2002) also input driven growth as innovation driven growth (Ge & Guan, 2015). In encouraging the company to be more competitive and Innovative, it requires various methods to encourage employees to be more productive to attract new customers and improve customer loyalty (Yang, Lee & Cheng, 2016). One of the most important keys, which become the driver in this process of transformation is an empowering leader. A leader who empowers his employees will transfer the authority to his employees, also involve them in decision making and give positive energy to the employees to face the job's challenges at hand (Ahearne et al., 2005). Therefore, employees can perform their duties and responsibilities with less supervision and intervention from their leaders (Jung, Chow & Wu, 2003). Number of studies have conducted to see the correlation between empowering leadership and innovative behavior of the employees. As the study states that there is correlation between the empowering leader and innovative behavior of employees, the granting authority to employees will encourage the employees to be more innovative in doing their job that will influence the quality of their work (Dehghani, Gharooni & Arabzadeh, 2014). Additionally, empowering leaders' style aims for optimizing the development of participative decision-making, providing freedom to express initiations and encouraging team members to work together without direct supervision. In doing so, empowering leader motivate followers to develop themselves (Kianto, 2008) in the form of self-determination and control (Fernandez & Moldogaziev, 2013) which, in turn, leads to the increasing of employees innovative achievement. Finally, the empowering leader will provide space to the employees to express themselves in different ways with the common procedure (Fernandez & Moldogaziev, 2013), eliminating the fear of false of the role carried out as part of the consequences of imposed jobs to encourage the spirit of innovation by increasing the employees' confidence (Özaralli, 2015). Consequently, based on this discussion, we assume a positive correlation between empowering leader and employees' service innovative behavior in service organizations and propose the first hypothesis:

H1: Empowering leadership positively influences employees' service innovative behavior

Empowering leader and creative improvisation self-efficacy

Improvisation is conceptualized as a set of creativity, adaptation and innovation under time pressure (Hodge & Ratten, 2015), spontaneous in nature (Crossan, 1998) or respond in real time (Crossan & Sorrenti, 2002) and its foundation for advancements in almost all knowledge areas (Amorim & Pereira, 2015). Earlier study ground the research on improvisation for art and then continues to other fields of study (Ratten & Hodge, 2016). Improvisation is a creativity and spontaneity that can be learned by anyone, as long as employees understand and proactively apply themselves to the principles (Vera & Crossan, 2005). Improvisation becomes an important component of human experience in the work place (Flach & Antonello, 2011). In further development, researcher uses this term of improvisation on self-efficacy construct as expanded construct of personal mastering in terms of improvisation that reflect one's confidence or self-determination in his or her capabilities while conducting or performing an innovation in task respond (Magni, Proserpio, Hoegl & Provera, 2009). Several studies conducted by researchers has widely demonstrated that leader plays important role in encouraging innovative related work outcomes. It provides enough evidences that empowering leader may act as a trigger to enhance creative improvisation self-efficacy by expressing confidence in high performance and display their belief in employees' abilities. Moreover, by providing guidance and fair treatment to followers (Srivastava, Bartol & Locke, 2006), expressing confidence in the member's capabilities (Chen et al., 2011) and providing greater decision-making autonomy (Amundsen & Martinsen, 2014) will increase the likelihood of creative improvisation self-efficacy. Therefore, the literature provides adequate evidence

of positive relation between empowering leadership and creative improvisation self-efficacy. Hence, we can propose that empowering leader have a direct relation to creative improvisation self-efficacy.

H2: Empowering leadership positively associated with creative improvisation self-efficacy.

Empowering leadership and employee engagement

Leadership literature has much emphasized the importance of a leader who is a role model and has the ability to motivate his employees to reach the goals together (Pamfilie, Petcu & Draghici, 2012). Empowering leader is known as one of the characteristics of leader who are able to empower the workers through the authority granted and the responsibility which are divided as a means to encourage employees in order to be more involved in the workplace also involving employees in decision-making (Carless, 2004). The important meaning of a leader for his employees is when the leader is able to give meaningfulness to the organization by influencing the perception of sense of authority and self-determination (Deci, Connell & Ryan, 1989) so that the workers feel appreciated and listened for every effort and result of its work (Epitropaki & Martin, 2005). The effect obtained is the employees feel satisfied with the award given and more committed to their jobs (Men & Stacks, 2013). The same thing is delivered by Ahearne et al. (2005) who stated that empowering leader provides the opportunities for employees to participate in making decision, emphasizing the meaning of work and giving flexibility for employees to be creative without any bureaucratic obstacles that will create challenges for employees. The employees feel getting support and attention from the leader, and also are motivated and inspired as well as organized effectively in every aspect of its work which will create a higher level of engagement in completing their work (Gözükara & Şimşek, 2015).

Therefore, this research proposes a positive correlation between empowering leadership and employee engagement which is conceptualized in this paper. **H3: Empowering leadership positively correlated with employee engagement.**

The mediating role of creative improvisation self-efficacy

Self-Efficacy as an individual confidence to perform task will affect the individual task effort, possessed persistence also expressed interest and the level of goal difficulty selected for performance (Gist, 1987). An individual who has a high self-efficacy characterized by the ability to mobilize the motivation, possessed cognitive resource as well as the needful-action in order to adjust with the demand situation (Stajkovic & Luthans, 1979). Self-efficacy also causes an employee to leave the comfort zone (Nisula, 2015), in which it will encourage the innovation and creativity of employee. One of self-efficacy types is creative improvisation self-efficacy. This construct is extended from self-efficacy and conceptualized as the belief or confidence of an individual to respond and take advantage of emerging opportunities and unexpected events (Magni et al., 2009). It states that an employee who has a high confidence is likely to have a better response to the opportunities that come and unforeseen occurrence (Nisula, 2015) so that an employee is more open to new ideas which is personal characteristics of creative and innovative behavior (Wang, Tsai & Tsai, 2014).

In this study, self-improvisation self-efficacy has been proposed as a potential mediator between empowering leadership and employee service innovation. Creative improvisation self-efficacy emphasizes creative cognitive processes in problem recognition, open exchange information for improving customer services, and novel ideas that promotes creativity and innovation especially in service behavior (Nisula, 2015).

Empowering leaders will encourage participation in decision making, expresses employees confidence and prospect high performance (Zhang & Bartol, 2010) which ultimately results in enhanced productivity and boost innovation in workplace. Research reported that empowering leaders orient employees by delegating authority to employees, inspiring accountability for results, encouraging self-directed decision-making, sharing and enhancing skills development and coach employees to perform in an innovative manner (Konczak, Stelly & Trusty, 2000). Thus, empowering leader, when associated with creative improvisation self-efficacy, helps to enhance the level of creativity and innovation in employees' service innovative behavior. The leaders create meaningful work in several ways such as helping employee to understand the importance of his or her support to overall organization contribution; expressing confidence in an employee's competence and prospects for self-determination by fostering higher portion of autonomy to workers. This effort, in turn, encourages the followers to invest greater efforts into their creative cognitive processes and seek sponsorship for novel ideas (Michael, Hou & Fan, 2011). This procedure could possibly give frontline workers a feeling of greater control over the immediate situation and enriched sense that his or her own activities can make a difference in work outcomes (Zhang & Barthol, 2010). As a result, a leader who has the characteristics of empowering could encourage creativity and innovation of subordinates in the workplace through creative improvisation self-efficacy.

Based on these argumentations, this research suggests that creative improvisation self-efficacy may strengthen the effect of empowering leadership on employees' service innovative behavior. **H4: Employee creative self-efficacy strengthens the correlation of empowering leadership on employees' service innovative behavior.**

The mediating role of employee engagement

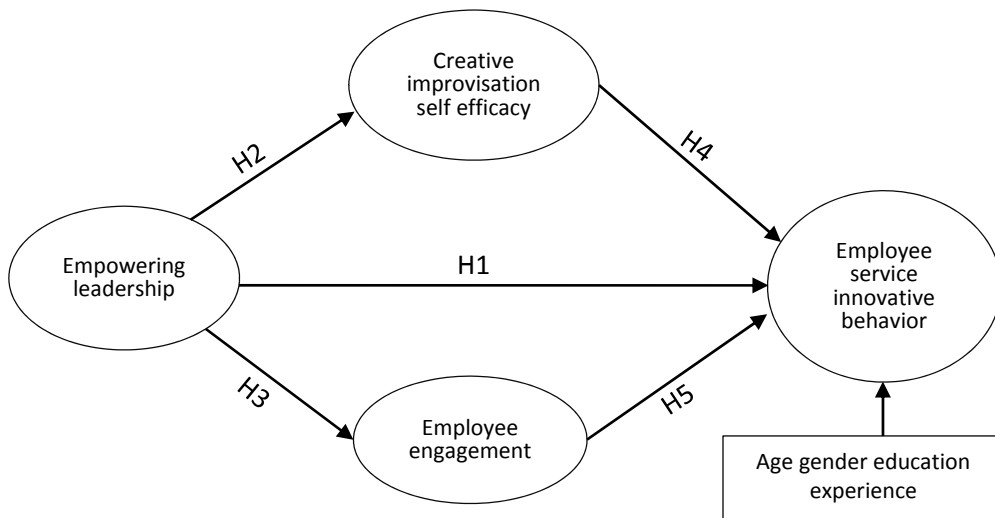
The previous studies found the firm correlation between leadership and innovation (Basu & Green, 1997; Hirst, Van Dick & Van Knippenberg, 2009; Reuvers, Van Engen, Vinkenbunrg & Wilson-Evered, 2008; Somech, 2006). A type of leadership that has received less attention is empowering leadership because only a few researchers focused on looking for the correlation between leadership with innovative behavior (Zhang & Bartol, 2010). The research done by Jung et al. (2003) gave explanation that leadership has direct and indirect correlation on creativity and innovation of employees. One of the factors that enables mediating between empowering leader and innovative behavior is employee engagement, which is a key role booster in promoting the creativity of employee (Inceoglu, Fleck & Albrecht, 2010). The logical connection is an empowering leader who can provide motivation to employees also build self-capability and self-sufficiency (Zhang & Gheibi, 2005) or be able to encourage employees in order to be able to participate in decision making and getting meaningfulness in their works (May, Gilson & Harter, 2004). Another impact is the employees feel more appreciated and are bound with their workplace. The employees who are fully engaged with their works will be easier to generate creative and innovative ideas in supporting the progress of the company (Haq, Ali, Azim, Qurashi & Quyyum, 2010). The high engagement can improve the talent of employees, customer loyalty and company performance (Swarnalatha & Prasanna, 2013). The further study revealed that the employees who are engaged to their jobs will have energy, commitment and persistence to achieve the organizational goals shown in the initiative, adaptability, effort and ability to express themselves physically, emotionally and cognitively through the employee's participation in work (Gruman & Saks, 2011). According to Slåtten and Mehmetoglu (2011), employee engagement as the positive emotional state creates the characteristic form of positive behavior towards work as high levels of mobility, low neuroticism and high extraversion and has a closer association to the creativity. Finally this outcome

in intrinsically motivated subordinate and later acts as major source for promoting innovative in workplace. Rich, Lepine and Crawford (2010) explained that someone who is highly engage will have a greater spirit of innovation based on the focus and concentration on his work psychically, responsible with his works such as the innovation work charged cognitively and has energy to complete the task in the form of innovative work he does. The last studies done by Hoon Song, Kolb, Hee Lee and Kyoung Kim (2012) as well as Agarwal, Datta, Blake-Beard and Barghava (2012) have proved that the correlation between transformational leadership and LMX on the behavior of innovation is mediated by employee engagement.

Based on the theories mentioned above as well as empirical evidence, we have a proportion of that employee engagement mediates the correlation between empowering leadership and innovative behavior. **H5: Employee engagement mediates the correlation between empowering leadership and employee service innovative behavior.**

Constructed on developed hypotheses that were designed by the relationships among previous constructs, we provided a research model illustrated on Figure 1.

Figure 1
Research model



Method

Participants and procedure

This research used data collected from hotels in Banyumas district in the Republic of Indonesia obtained through the personnel managers of each hotel that were willing to participate in this research. The hotels were chosen on the basis of a non-probability convenience sampling technique (Aaker, Kumar & Day, 1995), according to accessibility, location and suitability of the hotel for the research objectives. There were 2 four-star hotels, 7 three-star hotels and 7 two-star hotels in the Banyumas region at the time of this study. The employees who work as frontline consists of front desk agents, wait staff, bell attendants, guest relations representatives, bartenders and door attendants who were contacted and asked their willingness to participate in this research. The questionnaires sent by email for those who agreed to be participated and they were required to immediately return the questionnaires after completing the data requested by the researcher. There were 235 questionnaires distributed to

respondents. The questionnaires that was compatible with the requirements for further processing as many as 121 at a response rate of 51 per cent.

Measurements

The research carried out using self-report form and based on the perception of the respondents involved in this research. The measurement variables on this research used six-point Likert scale ranging from (1) strongly disagree to (6) strongly agree.

Empowering leadership: Ahearne et al. (2005) to measure the empowering leader who was described by employees. There were 12 questions for four components covering: confidence in high performance, also providing autonomy from bureaucratic constraints. A sample of questions of empowering leadership is "My Manager helps me to understand how many objective goals relate to that of the company."

Employee engagement: (Schaufeli & Bakker, 2004) UWES scale measured three dimensions of employee engagement; they are vigor, dedication and absorption. The sample of statements of this variable is: "At my work, I feel bursting with energy."

Creative improvisation self-efficacy: measured using a scale created by Magni et al. (2009) consisting of four items of questions. The sample of questions is "I am confident that I can find creative ways to solve the problems."

The independent variable Employees' service innovative behavior was measured using the items of questions made by Hu, Horng and Sun (2009). The sample of questionnaire is "At work, I come up with innovative and creative notions."

This research would be estimated using *Partial Least Square* (SmartPLS 2.0) because PLS is an alternative method of analysis with *Structural Equation Modelling* (SEM) based on *variance*. The advantage of this method is it does not require assumptions and could be estimated by the relatively small number of samples and it also covers some variables at once simultaneously (Hair, 2010). The calculation of path coefficient, estimation of standard error and reliability of the data set used bootstrapping analysis (Hair, Sarstedt, Ringle & Mena, 2012) while test mediation used sobel test (Sobel, 1982). Additionally, all measures used in the current analysis were developed originally in English and carefully back-translated by bilingual experts. This research did back-translation for English version which was compared with the real English version of questionnaire, so it was expected to have the same result and measure (Brislin, Lonner & Thorndike 1973).

Control variables

Past studies in the field of creativity have introduced controlling variables such as age, gender, education and experience with the purpose of eliminating the influence of individual perception (Nisula, 2015). The presence of controlling variables in the past works aims at assessing possible existence of interrelationship contradictory caused of the expertise and knowledge which may contributes to the creative performance of employees (Gong et al., 2009) or the relationship that may occur with implementation employees innovative behavior (Marsden, Kalleberg & Cook, 1993).

Common method variance

This research has developed a rigid scale which can reduce the potential for common method variance, for instance by considering the item-trimming (Podsakoff & Organ, 1986) also reducing refraction-acquiescence (Podsakoff, MacKenzie, Lee & Podsakoff, 2003). Additionally, in increasing the honesty

and openness of the respondents, researcher gave the information that any answers or responds from the questionnaires is confidential. Furthermore, to reduce the fear of respondents that they were being evaluated, the researcher assured the respondents that the answers given would have not affect the carried-position because there is no right or wrong in their answers.

Harman's single-factor test was used to check the presence of common method variance (Harman, 1976), which is one of the most widely used techniques. Common method variance is a general issue in behavioral research that occurs when the same respondents assess the predictor as well as criterion variable. Statistical method involves loading all the variables in the study into an exploratory factor analysis and every variable is entered as principal component analysis (Podsakoff et al., 2003). Basic assumptions used in this method is that if a considerable amount of common method variance is present, either a single factor will appear from the factor analysis or one overall factor will account for the majority of the covariance among the measures. The result of present study revealed four factor from extraction in the model with the greatest covariance explained by one factor of 36.07%, which less than 50%. Therefore, common method bias may not have significantly affected the results.

Result

Characteristic of the respondent

Descriptive data involved as much as 66.1% females and 33.9% males. Regarding the age, 30.6 of the respondents were between the ages of 36–45, while the majority of the respondents (56%) were younger than 35. Based on the hotels employees surveyed, 90% are mostly individual's from Javanese and only ten percent comes from Chinese ethnic. The education level of respondents consisted of 7.5% High School graduates, 87% University national diploma or first degree and only 6% coming from postgraduate education. Considering the number of years working, almost 47.1% of the employees have worked in the hotel for between six to ten years, followed 18.2% who had worked over 11 years in the division and 34.7 % who had less than 5 year of experience.

Table 1
Socio-demographic characteristic of respondents (N = 121)

| Variable | Category | Frequency (N) | Percentage (%) |
|--------------------------|------------------------------------|---------------|----------------|
| Gender | Female | 80 | 66.1 |
| | Male | 41 | 33.9 |
| Age group | 18 - 25 years old | 26 | 21.5 |
| | 26 - 35 years old | 42 | 34.7 |
| | 36 - 45 years old | 37 | 30.6 |
| | 46 - 55 years old | 12 | 9.9 |
| | 56 - Above | 4 | 3.3 |
| Cultural group | Javanese | 109 | 90 |
| | Chinese | 12 | 10 |
| Level of education | High school / vocational school | 9 | 7.5 |
| | University diploma or first degree | 106 | 87.6 |
| | University master degree or above | 6 | 4.9 |
| Numbers of years working | 1 - 5 years | 42 | 34.7 |
| | 6 - 10 years | 57 | 47.1 |
| | 11- years above | 22 | 18.2 |

Construct statistics

Before examining the proposed hypothesis, the items measurement in the questionnaire must go through the validity and reliability test. Table 2 presents the analysis description carried out and continued with reliability and validity values from the studied-construct (Table 3), consisting of Empowering leadership variable (EMP1-12), Employee engagement variable (EE1-17), Creative improvisation self-efficacy variable (CISE1-3), Employees' service innovative behavior variable (ESIB1-6) measured using a Six-Point Likert Scale.

Measurement model

Based on PLS method the model was analyzed and interpreted in two stages which is the measurement model and structural model (Henseler, Ringle & Sinkovics, 2009). In the first stage measurement model illustrated the relationship between manifest variables (observed items) and latent variables (unobserved item). The measurement model is confirmed by examining the validity and reliability of the items and constructs in the model. This confirms that only reliable and valid construct measures are used before measuring the nature of variable interactions in the overall model. In PLS, for assessing the convergent validity of constructs, according to (Fornell & Larcker, 1981) average variance extracted (AVE) criterion was employed.

The factor loading estimates ranged from 0.73 to 0.79 for empowering leadership, for creative improvisation self-efficacy, ranging from 0.78 to 0.84 and for employee engagement, 0.85 to 0.88. These values exceeded the commonly accepted threshold of 0.70 rule of thumb suggested by Hair, Black, Babin, Anderson and Tatham (2006). Convergent validity of the constructs was based on the average variance extracted (AVE) value. As shown in Table 3, the AVE values of the three constructs showed high levels (> 0.50) of validity (Hair et al., 2012; Fornell & Larcker, 1981), as the AVE values of the constructs ranged between 0.58 and 0.78. The lowest AVE value (0.58) was on employee engagement, and the highest was for creative improvisation self-efficacy (0.78). Composite value reliability in this study shows the value in numbers ranging from 0.92 and 0.95, which has surpassed the value recommended by Bernstein and Nunnally (1994) and Hair et al. (2012). The lowest composite value (0.92) was on employees' service innovative behavior, and the highest was for employee engagement (0.95). The scale reliability of the empowering leader construct was 0.939 (12 items). The Cronbach's α of the employee engagement scale was 0.966 (17 items), creative improvisation self-efficacy 0.908 (4 item) and for employees' service innovative behavior 0.904 (6 items). Hence, the above evidences support that the items were internally consistent, stable, and reliable. Further, in our research, to assess discriminant validity, we examined by comparing of the square root of the AVE to each variable relation (Fornell & Larcker, 1981) with cross loading. This proved that discriminant validity is established between two constructs association among indicators and greater than that between a construct and any other construct (Hair et al., 2012) (see Table 2).

Table 2
Means, standard deviations, and correlations among the constructs

| Variables | Mean | SD | 1 | 2 | 3 | 4 |
|--|------|------|--------|--------|--------|--------|
| Empowering leadership | 3.84 | 0.83 | 0.8859 | | | |
| Employee engagement | 3.76 | 0.82 | 0.2897 | 0.7637 | | |
| Creative improvisation self efficacy | 3.69 | 0.96 | 0.4040 | 0.5035 | 0.8223 | |
| Employees' service innovative behavior | 3.77 | 0.87 | 0.5762 | 0.5025 | 0.2996 | 0.7753 |

Notes: The square root of the AVE value is presented on the diagonal.

Table 3

Overall reliability of the construct and factor loadings of indicators

| Item | Mean | SD | Factor loading | AVE | Composite reliability | Cronbach's α |
|--------|------|------|----------------|-------|-----------------------|---------------------|
| EMP_1 | 3.76 | 0.82 | 0.788 | 0.601 | 0.947 | 0.939 |
| EMP_2 | 3.79 | 0.86 | 0.776 | | | |
| EMP_3 | 3.79 | 0.90 | 0.833 | | | |
| EMP_4 | 3.91 | 0.80 | 0.740 | | | |
| EMP_5 | 3.86 | 0.83 | 0.733 | | | |
| EMP_6 | 3.88 | 0.81 | 0.756 | | | |
| EMP_7 | 3.92 | 0.81 | 0.708 | | | |
| EMP_8 | 3.79 | 0.87 | 0.833 | | | |
| EMP_9 | 3.77 | 0.83 | 0.764 | | | |
| EMP_10 | 3.84 | 0.81 | 0.768 | | | |
| EMP_11 | 3.90 | 0.84 | 0.797 | | | |
| EMP_12 | 3.86 | 0.83 | 0.797 | | | |
| EE_1 | 3.76 | 0.82 | 0.732 | 0.583 | 0.959 | 0.955 |
| EE_2 | 3.79 | 0.86 | 0.747 | | | |
| EE_3 | 3.79 | 0.90 | 0.780 | | | |
| EE_4 | 3.91 | 0.80 | 0.783 | | | |
| EE_5 | 3.86 | 0.83 | 0.728 | | | |
| EE_6 | 3.88 | 0.81 | 0.695 | | | |
| EE_7 | 3.92 | 0.81 | 0.735 | | | |
| EE_8 | 3.79 | 0.87 | 0.694 | | | |
| EE_9 | 3.77 | 0.83 | 0.798 | | | |
| EE_10 | 3.84 | 0.81 | 0.819 | | | |
| EE_11 | 3.90 | 0.84 | 0.793 | | | |
| EE_12 | 3.86 | 0.83 | 0.756 | | | |
| EE_13 | 3.76 | 0.82 | 0.807 | | | |
| EE_14 | 3.79 | 0.86 | 0.772 | | | |
| EE_15 | 3.79 | 0.90 | 0.807 | | | |
| EE_16 | 3.91 | 0.80 | 0.712 | | | |
| EE_17 | 3.86 | 0.83 | 0.808 | | | |
| CISE_1 | 3.88 | 0.81 | 0.892 | 0.785 | 0.936 | 0.908 |
| CISE_2 | 3.92 | 0.81 | 0.886 | | | |
| CISE_3 | 3.79 | 0.87 | 0.872 | | | |
| CISE_4 | 3.77 | 0.83 | 0.893 | | | |
| ESIB_1 | 3.84 | 0.81 | 0.840 | 0.676 | 0.926 | 0.904 |
| ESIB_2 | 3.90 | 0.84 | 0.810 | | | |
| ESIB_3 | 3.86 | 0.83 | 0.828 | | | |
| ESIB_4 | 3.76 | 0.82 | 0.845 | | | |
| ESIB_5 | 3.79 | 0.86 | 0.849 | | | |
| ESIB_6 | 3.79 | 0.90 | 0.840 | | | |

Structural model

The results indicated that the direct effect model between empowering leader with employees' service innovative behavior showed a significant correlation between the two variables ($\beta = 0.554$, $t = 6.007$, $p < 0.001$) and accounted for a significant amount of variance in ESIB ($R^2 = 0.507$). Thus the study supported the first hypothesis, while the effect of the control variables, which consist of education, gender, age, and experience proved insignificant.

As shown in Table 5, Empowering leader was significantly and positively related to creative improvisation self-efficacy ($\beta = 0.40$, $t = 4.68$, $p < 0.001$), supporting H2 and between CISE and ESIB ($\beta = 0.25$, $t = 2.51$, $p < 0.001$), supporting H4. Further, as presented in Table 5 empowering leadership

showed a significant positive correlation with employee engagement ($\beta = 0.28$, $t = 2.55$, $p < 0.001$), supporting H3 and the H5 between employee engagement and ESIB ($\beta = 0.31$, $t = 3.40$, $p < 0.001$). The results (Table 4 and 5) also indicated that the relationship between empowering leadership and employees' service innovative behavior diminished in the presence of creative improvisation self-efficacy and employee engagement. This fact indicated that creative improvisation self-efficacy and employee engagement partially mediated the relationship between empowering leader and employees' service innovative behavior, decline in the relationship between the independent and the dependent variables in the occurrence of the mediator, while still remaining significant, is indication of partial mediation (Kenny, 1998). The relationship between CISE and employee engagement with employees' service innovative behavior was significant. These results partially support H4 and H5. The results of the Sobel test revealed significance for the path of empowering leader, creative improvisation self-efficacy, and employees' service innovative behavior ($Z = 2.147 > 1.96$ at level, one-tailed probability: 0.000106). In addition, for the paths for empowering leader, employee engagement, and employees' service innovative behavior, the sobel test showed significance with $Z = 1.992 > 1.96$ (one-tailed probability: 0.00011). Furthermore, The R^2 values were explained as follows: for employees' service innovative behavior, $R^2 = 0.507$; for creative improvisation self-efficacy, $R^2 = 0.163$, and for employee engagement, $R^2 = 0.083$. These findings indicated that in the tested model, empowering leader explained 16.3% of CISE and 8.0% of employee engagement, and the whole model explained 50.7% of the employees' service innovative behavior.

Table 4
The effect of empowering leader on employees' service innovative behavior

| Path | Path coefficient | SE | t-value |
|-------------------------------|------------------|-------|----------|
| Direct effect model | | | |
| H1 : Empowering leader – ESIB | 0.554 | 0.092 | 6.007*** |
| Control variable | | | |
| Age – ESIB | 0.027 | 0.079 | 0.343 |
| Gender – ESIB | 0.076 | 0.094 | 0.803 |
| Edu – ESIB | -0.045 | 0.086 | 0.530 |
| Exp – ESIB | 0.012 | 0.098 | 0.128 |

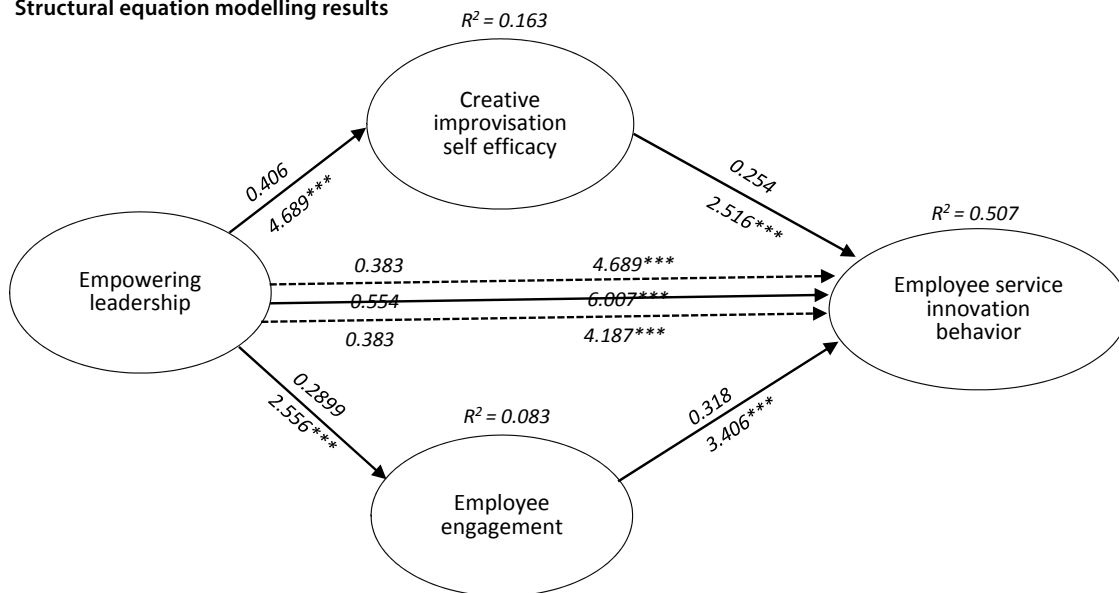
Notes: Significance on the t-values (one-tailed) **p < 0.05; *** p < 0.01.

Table 5
The mediating effect of CISE and employee engagement on ESIB

| Path | Path coefficient | SE | t-value |
|-------------------------------|------------------|-------|----------|
| Mediation model | | | |
| H1 : Empowering leader – ESIB | 0.383 | 0.091 | 4.187*** |
| H2 : Empowering leader – CISE | 0.404 | 0.086 | 4.689*** |
| H4 : CISE – ESIB | 0.254 | 0.101 | 2.516*** |
| H3 : Empowering leader – EE | 0.289 | 0.113 | 2.556*** |
| H5 : EE – ESIB | 0.318 | 0.093 | 3.406*** |
| Control variable | | | |
| Age – ESIB | 0.003 | 0.072 | 0.043 |
| Gender – ESIB | 0.001 | 0.075 | 0.014 |
| Edu – ESIB | 0.017 | 0.073 | 0.237 |
| Exp – ESIB | 0.010 | 0.074 | 0.144 |

Notes: Significance on the t-values (one-tailed) **p < 0.05; *** p < 0.01.

Figure 2
Structural equation modelling results



Notes: Significance on the t-values (one-tailed) **p < 0.05; *** p < 0.01.

Model fit

In contrast to covariance based SEM, PLS-SEM has no appropriate single goodness-of-fit measures. Tenenhaus, Amato, and Esposito Vinzi (2004) developed a global fit measure for PLS based on R² values. By calculating the square root of the average communality of all constructs and the average R² value of the endogenous constructs, fit measure between 0 and 1 is calculated. This measurement is based on the categorization by Wetzels, Odekerken-Schröder and Van Oppen. (2009) suggested that small = 0.10, medium = 0.25, and large effect sizes would be 0.36. For the current model, this fit is 0.62 indicating a good fit of the model to the data. Surpassed the minimum large value of 0.36 and indicated that the goodness of fit value was adequate to support the validation of PLS model globally.

Conclusions

This study examined that empowering leadership has a positive effect on employees' service innovative behavior and in turn stimulate frontline employees' creative and innovative behavior throughout the organization to meet corporate goals. Empowering leadership was positively related to both creative improvisation self-efficacy and employee engagement, which, in turn, were both positively related to employees' service innovative behavior. The mediating effect of creative improvisation self-efficacy and employee engagement on the relationship between empowering leadership and employees' service innovative behavior was supported.

This study extends existing research in three aspects. First, the result from SEM revealed that empowering leader, creative improvisation self-efficacy and employee engagement can effectively contribute to employee service innovative behavior. The findings also suggest that empowering leadership encourages their subordinates to deliver outcomes beyond their expected level by delegating authority, involve employees in decision making, share power with employees, embolden self-management and convey

confidence in employees' ability to handle challenging work (Chen et al., 2011). Our results also indicate that when employees perceive to be involved in decision-making and providing autonomy from bureaucratic constraints, they are more inclined to develop a shared, evocative vision as well as mutually engage in purposive innovation-supportive developments of creative behavior on work activities. Second, the findings of this study highlighted the importance of empowering leader on the foundation of optimism, autonomy and prospects for self-determination, expresses confidence in employee's competence, and support their followers by exploring diverse creativity through the organization reward and recognition scheme. This improves the individual competency and capability to produce innovative and creative ideas for organizational outcomes.

Third, our empirical model of this study demonstrates creative improvisation self-efficacy and employee engagement as a partial mediator between empowering leadership and employees' service innovative behavior. This indicates that improved leadership empowerment behavior will result in higher levels of creative improvisation self-efficacy and employee engagement, which in turn will increase employees' service innovative behavior. A rational explanation for the mediating roles of CISE is the creation of internal acceptance of a person to be creative depends on the development of creative mindset. It fundamentally gives allowance to the personnel that they can come up with any novel ideas or sources with confidence. Empowering leadership are focused on developing and coaching employees for innovative performance, decision-making and accountability, increasing employees' degree of authority, sharing information and support, thus absolutely affect employees' believe in their abilities and strengthen employees self determination to make use of their skills and encouragement to deliver innovative work activities (Dewettinck & van Ameijde, 2011). Further, the theoretical argument for mediation relationship of employee engagement between empowering leadership and creativity relies on the nature of empowering leader that they help employees to recognize their full potential, sharing ideas concerning organizational performance, as well as giving employees the authority to make decisions and increasing problem solving ability among them (Ergeneli, Ari & Metin 2007). Hence, employees will be more confident, feeling more competent, possessing higher sense of control and they will experience meaning in their work (De Klerk & Stander, 2014). When individuals feel that their inputs are valued they will make a meaningful contribution to the business strategy, this process potentially promote intrinsic motivation and gives employees willingness to achieve creative action that useful for organization sustainable innovation.

This study points out that project leaders should encouraging subordinates to work towards self-defined and inspiring goals, in order to make their employees feel empowered and consequently stimulate their innovative behavior, commitment and belief. Additionally, Amundsen and Martinsen (2014) suggested that organizational leader should articulate a vision to innovate continuously, build trust and confidence among employees to try out new creative notion (Gilson & Shalley., 2004), leading and establishing concern for employees, encouragement, interacting with team and group management (Arnold et al., 2000), as well as leading by example (Pearce & Sims Jr, 2002).

To conclude, empowering leader is the preeminent approach for leader to develop a climate where employees feel empowered and consequently improve effective problem solving. The findings of this study may have specific managerial consequences for service industry. In service industry, creative improvisation, such as how to diminish service complaints, addressing customer needs, and offering differentiated services, seems to be intensive. Empowering leadership in this situation is likely to uphold employee self-efficacy on all aspects of consumer services and self-confidence in employees' ability, thus it is quite possible that empower leader will improve performance of creativity improvisation in frontline services.

The present study is not without limitations. The foremost limitation need to be highlighted is the geographic extent of the study since it only concentrated on a single district. Following research should consider replicating this research in other district in Indonesia or even other Indonesian province for comparison. Another limitation happened due to the use of research design. This research used a cross sectional design, whereby data was collected at one period of time, further study need to be carried out using experimental and longitudinal research design to measure the influence of empowering leadership on encouraging CISE, employee engagement and employees' service innovative behavior. Since the research were conducted from hotel employees they cannot be applied to other hospitality industrial context, future study need to collect data not only from hotel sector but also from other hospitality industry like restaurant, accommodation, entertainment and transportation businesses in Indonesia.

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