Transactional Leadership and Innovative Work Behavior: Testing the Mediation Role of Knowledge Sharing in Distribution Market

Udin UDIN1, Radyan DANANJOYO2, Isalman ISALMAN3

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Abstract

Purpose: This study has three main purposes: first, to examine the effect of transactional leadership on knowledge sharing and innovative work behavior. Second, to examine the effect of knowledge sharing on innovative work behavior. Third, to examine the mediating role of knowledge sharing in the relationship between transactional leadership and innovative work behavior. Research design, data and methodology: The quantitative method is considered appropriate for this study, and a questionnaire is used to collect data from a total of 107 employees who participated in the study. The SmartPLS-SEM version 3.0 is used to analyze data. Results: The results reveal that transactional leadership has a positive and significant effect on knowledge sharing. However, transactional leadership directly has no significant effect on innovative work behavior. In addition, knowledge sharing positively and significantly affects innovative work behavior. This finding demonstrates that knowledge sharing becomes an essential mediator of transactional leadership and innovative work behavior in distribution market. Conclusions: This study makes a novel contribution by unboxing the limited understanding of the effect of transactional leadership on innovative work behavior mediated by knowledge sharing in the lens of social exchange theory. Also, this study highlights that transactional leader develops bonding and willingness among employees to share their knowledge to foster innovative work behavior.

Keywords: Transactional Leadership, Knowledge Sharing, Innovative Work Behavior, Distribution Market

JEL Classification Code: D83, O15, O36

1. Introduction

Globalization, rapid technological changes into the 21st century, and new competitors have shaped a highly today’s competitive and distribution market. Thus, innovative behavior is becoming increasingly necessary due to the changing environmental and economic dynamics, customer needs, and increasing competition for organizations (Akram, Lei, & Haider, 2016; Alrowwad, Abualoush, & Masa'deh, 2020; Skerlavaj, Černe, Dysvik, Nerstad, & Su, 2019; Staniewski, Nowacki, & Awruk, 2016). The innovative behavior of employees is considered to be a key factor in achieving sustainable growth and competitive advantage (Lee, Choi, & Kang, 2021; Sürücü, Maşlakcı, & Şeşen, 2021), organizational success (Danaei & Iranbakhsh, 2016), and the ability to survive in organizations (Duff, 2017; Hon & Lui, 2016). By harnessing employees' innovative work

1 First and Corresponding Author, Assistant Professor, Department of Management, Universitas Muhammadiyah Yogyakarta, Indonesia. Email: udin_labuan@yahoo.com
2 Assistant Professor, Department of Management, Universitas Muhammadiyah Yogyakarta, Indonesia.
3 Lecturer, Department of Management, Universitas Halu Oleo, Indonesia.

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behavior, organizations may survive and grow in a hypercompetitive world to continuously innovate in terms of the best products and services (Khan et al., 2021).

Consequently, identifying and investigating the potential antecedents variables of innovative behavior among employees grow into a fascinating research topic to do (Bani-Melhem, Zeffane, & Albaity, 2018; Jaruwanakul & Vongurai, 2021; Le Thi Thu Phuong et al., 2021). A piece of literature has confirmed that business leadership is a very important factor in motivating, promoting, facilitating, supporting and enhancing the innovative work behavior of employees (Akram et al., 2016; Lee et al., 2021). In influencing employees and utilizing organization member's selves to their work roles, leaders help employees to respond the challenges (Bass, Avolio, Jung, & Berson, 2003), generate creative solutions to complex problems (Bennis, 2001; Keong & Dastane, 2019; Yang & Cho, 2015), and enhance employees' motivation to engage critical thinking for the organization to achieve its goal (Tyssen, Wald, & Spieth, 2014). Furthermore, leaders provide an environment in which employees may easily generate new and innovative ideas and practice them in their job.

Given the urgent of leadership in enhancing innovative behavior, many researchers have explored the various styles of leadership's impact on employees' innovative behavior. They proved that authentic leadership (Grošelj, Černe, Penger, & Grahl, 2021; Purwanto, Asbari, Hartuti, Setiana, & Fahmi, 2021), empowering leadership (Jonsson, Bahat, & Barattucci, 2021; Le Thi Thu Phuong et al., 2021; Mutonyi, Slätten, & Lien, 2020), ethical leadership (Dhar, 2016; Ullah, Mirza, & Jamil, 2021), inclusive leadership (Fang, Chen, Wang, & Chen, 2019; Javed, Abdullah, Zaffar, ul Haque, & Rubab, 2019; Shakil, Memon, & Ting, 2021), relational leadership (Akram et al., 2016), servant leadership (Iqbal, Latif, & Ahmad, 2020; Khan et al., 2021; Su, Lyu, Chen, & Zhang, 2020), and transformational leadership (Afsar & Umran, 2020; Jaruwanakul & Vongurai, 2021; Suhana, Udin, Suhamono, & Mas’ud, 2019; Zhang, Abdullah, Hossan, & Hou, 2021) are significant factors for improving employees innovative behavior.

According to Young, Glerum, Joseph, and McCord (2020), transactional leadership becomes the most common leadership style in organizations. Thus, in the previous piece of literature, transactional leadership has attracted more attention on researchers as a determinant of employees' innovative behavior (Hansen & Pihl-Thingvad, 2019; Khan, Ismail, Hussain, & Alghazali, 2020; Sethibe and Steyn, 2017) and it has been stated that transactional leadership encourages employees to focus on important ideas for achieving the organizational goals and targets (Baskoro, 2021).

Table 1: Research Gap of the Related Variables

<table>
<thead>
<tr>
<th>No.</th>
<th>Researcher(s)</th>
<th>Sample</th>
<th>Methods</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Faraz, Yanxia, Ahmed, Estifo, and Raza (2018)</td>
<td>260 middle managers in Pakistan</td>
<td>PLS-SEM</td>
<td>There is a positive and significant effect of transactional leadership on employees' innovative behavior</td>
</tr>
<tr>
<td>2</td>
<td>Günzel-Jensen, Hansen, Jakobsen, and Wulff (2018)</td>
<td>1,647 employees in Denmark</td>
<td>Multivariate regression</td>
<td>There is a negative and significant effect of transactional leadership on employees' innovative behavior</td>
</tr>
<tr>
<td>3</td>
<td>Hansen and Pihl-Thingvad (2019)</td>
<td>517 employees and managers in Odense</td>
<td>Multilevel hierarchical regression</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Zheng, Wu, Xie, and Li (2019)</td>
<td>217 employees and managers in China</td>
<td>SEM using Amos</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Novitasari et al. (2021)</td>
<td>180 lecturers in Indonesia</td>
<td>SEM using Amos</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Afsar, Badir, Saeed, and Hafeez (2017)</td>
<td>64 supervisors and 557 employees in China</td>
<td>SEM using Amos</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Rahmah, Marta, Athoillah, and Farid (2020)</td>
<td>32 international reputable journals</td>
<td>Qualitative analysis</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Alheet, Adwan, Areiqat, Zamil, and Saleh (2021)</td>
<td>461 employees in Jordan</td>
<td>Multiple regression</td>
<td>There is no significant direct effect of transactional leadership on innovative behavior</td>
</tr>
<tr>
<td>10</td>
<td>Sethibe and Steyn (2017)</td>
<td>3,180 employees in South Africa</td>
<td>Multiple regression</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Gemeda and Lee (2020)</td>
<td>291 employees in South Korea and 147 employees in Ethiopia</td>
<td>Multiple linear regression</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Agarwal and Gupta (2021)</td>
<td>38 employees in United Arab Emirates</td>
<td>Multiple regression</td>
<td></td>
</tr>
</tbody>
</table>
Although researchers concluded that transactional leadership is positively and significantly related to employees' innovative behavior, some empirical investigations in Table 1 have provided inconsistent findings. For example, researchers such as (Faraz et al., 2018; Günzel-Jensen et al., 2018; Hansen & Pihl-Thingvad, 2019; Novitasari et al., 2021; Zheng et al., 2019) found that there is a positive and significant relation between transactional leadership and employees' innovative behavior, while Afsar et al. (2017), Alheet et al. (2021), Pieterse et al. (2010), Rahmah et al. (2020) proved a negative relationship. Agarwal and Gupta (2021), Gemeda and Lee (2020), Sethibe and Steyn (2017) showed that there is no direct effect of transactional leadership on innovative behavior. Based on these contradictory findings and the fact that innovative behavior is complex, challenging, and unpredictable, there may be an intermediate variable that explains the relationship between transactional leadership and innovative work behavior (Zheng et al., 2019). Therefore, this research has responded by examining knowledge sharing as a mediating variable. Contemporary research has confirmed that knowledge sharing becomes a mediating variable in transactional leadership on innovative behavior (Hussain, Abbas, Lei, Jamal Haider, & Akram, 2017; Masa’deh, Obeidat, Zyod, & Gharaiheb, 2015). Because of these encouraging results, there is a significant gap in the research (Masa’deh, Obeidat, & Tarhini, 2016).

Based on the knowledge gaps, this study has three main purposes: first, to examine the effect of transactional leadership on knowledge sharing and innovative work behavior. Second, to examine the effect of knowledge sharing on innovative work behavior. Third, to examine the mediating role of knowledge sharing in the relationship between transactional leadership and innovative work behavior.

2. Literature Review and Hypotheses Developments

2.1. Innovative Work Behavior

Innovative work behavior is defined as employees' ability to discover, generate, and apply original and useful ideas at work (Newman, Tse, Schwarz, & Nielsen, 2018). According to Pham, Pham-Nguyen, Misra, and Damaševičius (2020), Ramamooorthy, Flood, Slattery, and Sardessai (2005), innovative behavior is related to the level to which an individual devotes time, effort, and resources to developing, promoting, and implementing creative ideas at work.

However, according to Janssen (2003), innovative work behavior results from a complex combination of behaviors related to idea generation, promotion, and implementation. Based on those definitions, it can be concluded that innovative work behavior refers to all employee behaviors directed at the introduction, generation, and application of ideas in the organization to perform significantly benefit at work (De Spiegelaere, Van Gyes, De Witte, Niesen, & Van Hootegem, 2014).

Employee innovative behavior encompasses a person's multistage activities, including idea generation, acquisition, implementation, and solution (Scott & Bruce, 1994). Employee innovative behavior plays a critical role in organizational competitiveness and survival (Asurakkody & Kim, 2020; Pian, Jin, & Li, 2019) and the increasingly dynamic business environment (Schippers, West, & Dawson, 2015). Employee inventive behavior, in particular, is a valuable asset that allows the company to prosper in a competitive market (Suwanti & Udin, 2020; Yuan & Woodman, 2010). Also, because it is significantly linked to creativity and ingenious performance, innovative work behavior is an important originator of creative outputs (Lee & Park, 2019; Montani, Vandenberghe, Khedhaouria, & Courcy, 2020). Furthermore, innovative behavior may not always appear on its own. It can be caused by a variety of factors, including transactional leadership (Novitasari et al., 2021; Zheng et al., 2019) and knowledge sharing (Gharama, Khalifa, & Al-Shibami, 2020; Wang, Ren, Chadee, Liu, & Cai, 2021) of employees.

2.2. Knowledge Sharing

In the era of knowledge-based, knowledge becomes a basic element of competition, growth, and survival for organizations (Lin, 2007; Rastegar & Ruhanen, 2021; Sayangbatti & Riyadi, 2021). Integrating knowledge sharing among employees and encourage them to practice their expertise and skills into daily business practices might gain a competitive advantage (Azeem, Ahmed, Haider, & Sajjad, 2021; Monica Hu, Horng, & Christine Sun, 2009).

Knowledge sharing is a powerful method to obtain and create knowledge in the workplace (Xinyan & Xin, 2006), and it plays a crucial role in gaining a sustainable competitive advantage (Irawan, Bastian, & Hanifah, 2019; Lim & Ok, 2021; Obrenovic et al., 2020; Sulistyowatie & Pahlevi, 2019).

Knowledge sharing is a collection of specialized behaviors that entails exchanging data or relevant knowledge with others to collaborate on generating new ideas and policies (Zhang, Liu, Deng, & Chen, 2017). There are two subscales to the knowledge-sharing process. The first step entails having tacit and explicit knowledge, whereas the second entails engaging in knowledge sharing.
Tacit knowledge is difficult to explain to others since it is complex, subjective, and difficult to define (Magnier-Watanabe & Benton, 2017), and it develops over time as a result of collaborative practices, observations, and experiences (Maravilhas & Martins, 2019). On the other hand, explicit knowledge is made up of objectively teachable facts and know-how that can be verbalized (Rogers, Revesz, & Rebuschat, 2015).

Knowledge sharing (tacit and explicit) occurs not only at the individual level (Xue, Bradley, & Liang, 2011) but also at the team (Dong, Bartol, Zhang, & Li, 2017) and organizational levels. According to van den Hooff and de Ridder (2004), knowledge sharing comprises two dimensions: knowledge collecting and knowledge donation.

Knowledge collecting refers to employees' proactive efforts to gather knowledge and intellectual capital from co-workers, whereas knowledge donating refers to employees' readiness to share their intellectual capital with co-workers.

According to Lei, Do, and Le (2019), fostering employees' desire to share critical information and knowledge resources Lei, Do, and Le (2019) is an important foundation and prerequisite for increasing creative ideas and innovative capabilities. Employees' ability to absorb and combine different types of knowledge is enhanced by knowledge-sharing activities, which helps them become more competent in transforming fresh ideas into innovations (Sun, Liu, & Ding, 2020; Yang, Nguyen, & Le, 2018).

2.3. Transactional Leadership, Knowledge Sharing, and Innovative Work Behavior

The concept of transactional leadership is based on a short-term economic exchange or cost-benefit analysis (MacKenzie, Podsakoff, & Rich, 2001; Rowold, 2008) to appeal to employees' self-interest and adherent compliance to leader demands (Bass, 1985). The notion of transactional leadership is founded on two main principles: contingent reward for goal completion (rewards are given in exchange for reaching agreed-upon goals) and management-by-exception (the leaders intervene when employees make mistakes by establishing visible mechanisms to implement proper rules) and management-by-exception (the leader intervenes by establishing detailed mechanisms to apply appropriate rules when employees make mistakes) (Avolio, Bass, & Jung, 1999; MacKenzie et al., 2001). In reality, transactional leadership is critical in assisting leaders in increasing organizational competitiveness in an era of global competition (Avolio et al., 1999; Pillai, Schriesheim, & Williams, 1999).

Transactional leadership is based on economic exchange (e.g., reward contingent job) in managing employees to achieve job targets (Ismail, Mohamad, Mohamed, Rafiuddin, & Zhen, 2010). Transactional leaders encourage employees through a process of dialogue, with rewards or recognitions being given when a task is accomplished (Ghazali, Almad, & Zakaria, 2015). Transactional leaders can also foster and grow employees' new ideas by providing real rewards for them to achieve the existing programs and targets in the organization (Baskoro, 2021).

Tatum, Eberlin, Kottraba, and Bradberry (2003) noted that the ability of leaders to properly and perfectly implement transactional style (i.e., managers who focus on tasks, explaining expectations, solving immediate problems, and rewarding performance) in managing organizational functions had been an important predictor of trust in the leaders in the organizations. Tyssen et al. (2014) argued that a transactional leader gives employees material and psychological rewards by their achievements of tasks. Transactional leadership significantly contributes to innovation (Jia, Chen, Mei, & Wu, 2018). Most recently, such as (Faraz et al., 2018; Günzel-Jensen et al., 2018; Hansen & Pihl-Thingvad, 2019; Novitasari et al., 2021; Zheng et al., 2019) have found the direct and positive relationship of transactional leadership on innovative work behavior. By rewarding and punishing employees, transactional leader strengthens existing structures, strategies, and cultures to discourage innovative behavior in the organization (Fernandez & Moldogaziev, 2013). Thus,

H1: Transactional leadership has a significant effect on innovative work behavior.

Transactional leader explains in detail the performance criteria for employees and motivates them to provide the best results according to their interests for achieving the set goals (Bass, 2000). The transactional leader clarifies and emphasizes what is expected from employees and does not allow them to move beyond the agreement. Transactional leader also supports employee compliance through high rewards and punishments (Young et al., 2020). Berraies and Zine El Abidine (2019) note that contingent rewards of transactional leadership influence exploitative innovation in the organization. In addition, the monetary rewards and recognitions from transactional leadership encourage knowledge sharing in the organization (Hussain et al., 2017). The transactional leader plays a vital role in managing organizational knowledge sharing. Some previous research found that transactional leadership significantly influences knowledge sharing (Baskoro, 2021; Hussain et al., 2017; Masa'deh et al., 2016). Thus,

H2: Transactional leadership has a significant effect on knowledge sharing.

According to Gerpott, Fasbender, and Burmeister (2019), knowledge sharing is an activity of knowledge exchanged
among employees, teams and organizations. Knowledge sharing renders a critical component of organizational growth and competitiveness, impedes organizational survival (Lin, 2007; Meylasari & Qamari, 2017). Sharing the proper knowledge enhances the chances of innovative behavior and encourages employees to be more innovative. Akram, Lei, Haider, and Hussain (2020), Asurakkody and Kim (2020), Haider, Zubair, Tehseen, Iqbal, and Sohail (2021), Sudibjo and Prameswari (2021), Wahyudi, Udin, Yuniawan, and Rahardja (2019) found that knowledge sharing becomes a significant predictor of innovative work behavior. Knowledge sharing creates linkages among employees to transfer their collective knowledge, skills, experiences, and activities to perform innovative behavior. Thus,

H3: Knowledge sharing has a significant effect on innovative work behavior.

2.4. The Mediating Role of Knowledge Sharing

According to social exchange theory (Blau, 2017; Cropanzano & Mitchell, 2005), social exchanges such as employees repaying the organization's kindness by sharing their knowledge with other employees lead to reciprocal relationships in the form of innovative work behavior. Social exchange theory shows the relationship between leader support and knowledge sharing. In the coordination process, transactional leaders work with employees to set specific rewards, goals, and tasks while keeping pace with the employee's abilities. The reward system is introduced to encourage employees to share knowledge and information effectively across the organization (Hussain et al., 2017). Also, in the knowledge management domain, leaders are a source of knowledge and lead to support practical innovation in the workplace (Wang et al., 2021).

Transactional style is based on economic exchange (e.g., reward contingent job) in managing employees to achieve job targets (Ismail et al., 2010). Transactional leadership considers the context that is agreed, accepted, or adhered to by employees for the sake of praise, rewards, and resources or the avoidance of disciplinary actions. By using monetary rewards and recognitions (Hussain et al., 2017), transactional leadership is essential to managing organizational knowledge sharing. As there is a good learning process at the organizational level, transactional leadership encourages innovative work behavior among employees (Thahira, Tjahjono, & Susanto, 2020).

Hussain et al. (2017) show that knowledge sharing mediates the link between the transactional leader and organizational creativity. Zheng, Wu, and Xie (2017) also found that knowledge sharing mediates the relationship between transactional leadership and innovation performance. Thus,

H4: Knowledge sharing mediates the relationship between transactional leadership and innovative work behavior.

3. Research Methods and Materials

This study utilizes a quantitative method. The population in this study covers all employees working in a stone milling company in Central Java, Indonesia. The purposive sampling is used to get the sample with the following criteria: (a) working for at least three years; (b) being actively involved in the organization. As a result of 107 participants, the respondent's characteristics show that most respondents are men (85 percent), while women are only 15 percent. Their age is between 40 to 50 years old (64 percent) who worked more than eight years.

The survey questionnaire of this study has 16 items to measure transactional leadership, knowledge sharing and innovative work behavior. Firstly, six indicators adapted from Avolio et al. (1999), Ismail et al. (2010) measure transactional leadership. Secondly, four indicators adapted from Lu, Leung, and Koch (2006), de Vries, van den Hooff, and de Ridder (2006) measure knowledge sharing. Thirdly, six indicators adapted from De Jong and Den Hartog (2010), Spanuth and Wald (2017), Yuan and Woodman (2010) are used to measure innovative work behavior.

In this study, a SmartPLS-SEM version 3.0 is used to analyze the acquired data. Firstly, measurement (outer model) is used to test the validity and reliability of the items and constructs (Ali, Rasoolimanesh, Sarstedt, Ringle, & Ryu, 2018; Hair, Ringle, & Sarstedt, 2011; Hair, Sarstedt, Ringle, & Mena, 2012). Secondly, a structural (inner model) is conducted to test the proposed research hypotheses.

4. Results and Discussion

The results of SmartPLS-SEM analysis in Table 2 show that all values of the composite reliability and Cronbach's alpha are higher than 0.5. Therefore, the questionnaire of this study has good reliability (Cohen, 2013; Raykov & Marcoulides, 2011). In addition, the values of outer loadings of all items are higher than 0.5, except for two items (i.e., IWB6 of innovative work behavior and TL4 of transactional leadership), which indicating valid for all items of the constructs (Hair, Hult, Ringle, & Sarstedt, 2017).
Table 2: Validity and Reliability Testing

<table>
<thead>
<tr>
<th>Variables</th>
<th>Items</th>
<th>Outer Loadings</th>
<th>Composite Reliability</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovative Work Behavior</td>
<td>IWBI</td>
<td>0.783</td>
<td>0.793664</td>
<td>0.695467</td>
</tr>
<tr>
<td></td>
<td>IWBI2</td>
<td>0.772</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IWBI3</td>
<td>0.545</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IWBI4</td>
<td>0.596</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IWBI5</td>
<td>0.653</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IWBI6</td>
<td>0.363*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Knowledge Sharing</td>
<td>KS1</td>
<td>0.609</td>
<td>0.758696</td>
<td>0.573437</td>
</tr>
<tr>
<td></td>
<td>KS2</td>
<td>0.750</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>KS3</td>
<td>0.577</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>KS4</td>
<td>0.712</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transactional Leadership</td>
<td>TL1</td>
<td>0.582</td>
<td>0.818663</td>
<td>0.754821</td>
</tr>
<tr>
<td></td>
<td>TL2</td>
<td>0.797</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>TL3</td>
<td>0.653</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>TL4</td>
<td>0.172*</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>TL5</td>
<td>0.803</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>TL6</td>
<td>0.651</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>TL7</td>
<td>0.642</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: * It indicates not the valid item

The results of data analysis in Table 3 perform the correlations between latent variables. The highest correlation is between knowledge sharing and innovative work behavior \((r = 0.738)\). Then, it is followed by the correlation between transactional leadership and knowledge sharing \((r = 0.670)\). This result implies that transactional leadership is positively associated with knowledge sharing, which improves innovative work behavior.

Table 3: Latent Variable Correlations

<table>
<thead>
<tr>
<th>Variables</th>
<th>Innovative Work Behavior</th>
<th>Knowledge Sharing</th>
<th>Transactional Leadership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovative Work Behavior</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Knowledge Sharing</td>
<td>0.738</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>Transactional Leadership</td>
<td>0.501</td>
<td>0.670</td>
<td>1.000</td>
</tr>
</tbody>
</table>

The results of data analysis in this study also confirm that 44.9% of knowledge sharing is explained by transactional leadership. In addition, 54.4% of innovative work behavior is explained by transactional leadership and knowledge sharing. According to Cohen (2013), R-square is regarded substantial if value \((> 0.26)\), moderate \((0.13–0.26)\), and weak \((0.02–0.13)\). Based on the results, the values are regarded as substantial, implying the potential of the constructs to explain innovative work behavior in this model.

Table 4: Path Coefficients

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Original Sample</th>
<th>Sample Mean</th>
<th>Standard Error</th>
<th>T Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transactional Leadership (\rightarrow) Innovative Work Behavior</td>
<td>0.012</td>
<td>0.007</td>
<td>0.094</td>
<td>0.127</td>
</tr>
<tr>
<td>Transactional Leadership (\rightarrow) Knowledge Sharing</td>
<td>0.670</td>
<td>0.686</td>
<td>0.039</td>
<td>17.187</td>
</tr>
<tr>
<td>Knowledge Sharing (\rightarrow) Innovative Work Behavior</td>
<td>0.730</td>
<td>0.754</td>
<td>0.075</td>
<td>9.725</td>
</tr>
</tbody>
</table>

Figure 1: Research Path Analysis
The final SmartPLS-SEM model is presented in Figure 1. As described in Table 4, the results showed the important findings: first, transactional leadership has no significant effect on innovative work behavior ($\beta = 0.012$, T-statistics $= 0.127$). Therefore, H1 was rejected. Second, transactional leadership positively and significantly affects knowledge sharing ($\beta = 0.670$, T-statistics $= 17.187$). Therefore, H2 was supported. Third, knowledge sharing positively and significantly affects innovative work behavior ($\beta = 0.730$, T-statistics $= 9.725$). Therefore, H3 was supported. Finally, the result of the Sobel test ($z = 8.728$, $p < .001$) confirmed that knowledge sharing mediates the relationship between transactional leadership and innovative work behavior. Therefore, H4 was supported. Statistically, this finding demonstrates that knowledge sharing becomes an important mediator of transactional leadership and innovative work behavior.

The result of this study found that transactional leadership directly has no significant effect on innovative work behavior. Transactional leadership limits employees' innovative abilities and hinders their personal and organizational growth in the workplace. This finding is in line with Agarwal and Gupta (2021), Gemeda and Lee (2020), Sethibe and Steyn (2017) that there is no direct effect of transactional leadership on innovative behavior. In the insight of Bass et al. (2003), transactional leadership has two dimensions, namely contingent rewards and management by exception. Contingent rewards in the form of incentives can indeed increase employee motivation to work. However, the employee's motivation is only in line with the value of the incentives received, namely by solving problems most simply rather than innovating (Lee, 2008) and promoting dynamic capabilities (Schweitzer & Gudergan, 2010).

Fair and satisfactory contingent rewards can encourage employees to perform their tasks efficiently and increase exploitative activities, whereas punishment is contrary to risk-taking behavior, experimentation and exploration of new ideas in the execution of work (Berraies & Bchini, 2019). Berraies and Zine El Abidine (2019) noted that transactional leadership positively and significantly influences exploitative innovation but does not influence exploratory innovation. These findings complement Afsar et al. (2017)'s research, which shows that transactional leaders maintain the status quo, intervene particularly when problems arise, and do not push employees to seek fresh ideas and better methods of accomplishing their jobs.

Leadership is very important to improve the creation and dissemination of knowledge for gaining business success and competitiveness (Mas-Machuca, 2014). Employees are stimulated by transactional leaders, who encourage them to try new things and evaluate challenges from different perspectives, promoting the development of exploratory thinking and creative ideas (Yadav, 2015). This study found that transactional leadership has a significant effect on knowledge sharing. With rewards they offer in exchange for achieving a specific goal, transactional leaders are able to increase employees’ motivation to share their knowledge, even making the shared knowledge to be the property of the organization.

Knowledge is viewed as one of the most important resources for starting, learning and creating new techniques and situations, solving problems, and establishing core competencies in the organization (Liao & Wu, 2009). This study reveals that knowledge sharing is related to rapidly developing technology to increase employee absorption ability to perform better in the workplace. The higher the degree of knowledge sharing, the higher and easier it is to acquire the related knowledge (Davenport & Prusak, 1998), creating new ideas and enhancing the utilization of resources (Tseng & Huang, 2011) create innovative work behavior. Furthermore, employees' eagerness to share their knowledge made the organization foster creative and innovative work practices (Sulistiyani, Udin, & Rahardja, 2018). Employees that are interested in sharing their knowledge are more engaged in inventing, promoting, and implementing innovations, according to Radaelli, Lettieri, Mura, and Spiller (2014), fostering their innovative work behavior.

The study of Akram, Lei, Haider, and Hussain (2018) proved that knowledge sharing techniques (knowledge collection and knowledge donation) have a favorable and significant impact on employees' innovative work behavior. Employees that were more engaged in collecting and gaining knowledge contributed more to encouraging innovative behavior. Also, Malik (2021) shows that tacit knowledge sharing becomes a major contributor to their innovative work behavior. Furthermore, tacit knowledge sharing entails discussing one's experiences, expertise, and transferrable abilities with others, which could forecast employees' workplace innovation.

5. Conclusions

This study concludes that transactional leadership has a positive and significant effect on knowledge sharing. However, transactional leadership directly has no significant effect on innovative work behavior. In addition, knowledge sharing positively and significantly affects innovative work behavior. This finding demonstrates that knowledge sharing becomes an important mediator of transactional leadership and innovative work behavior in distribution market.

The results of this study make a novel contribution by unboxing the limited understanding of the effect of
transactional leadership on innovative work behavior mediated by knowledge sharing in the lens of social exchange theory. This study highlights that transactional leader develops bonding and willingness among employees to share their knowledge to foster innovative work behavior.

There are some limitations to this study. Firstly, variables included in this study were tested by a self-reported survey, which may cause biased results. Secondly, this study employed a cross-sectional research design. Therefore, this study suggests future research studies to use longitudinal analysis by testing potential mediator variables such as intellectual capital (Alrowwad et al., 2020), intrinsic motivation (Faraz et al., 2018), organizational climate (Sethibe & Steyn, 2017), organizational culture (Khan et al., 2020), and work engagement (Gemeda & Lee, 2020) to provide new insights to the researchers and practitioners.

References


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