

Mediaton Leader Member Exchange, Intrinsic Motivation and Psychological Empowerment the Influence Ethical Leadership on Employee Creativity and Work Innovation

Nurul Ismi¹, Sumitro Sarkum², Zuriani Ritonga³

^{1,2,3}Faculty of Economics and Business, Universitas Labuhanbatu, Indonesia

nurulismi20799@gmail.com, sumitro@ulb.ac.id, zuriani2017@gmail.com

Abstract

This study examines the effect of ethical leadership style on employee creativity and work innovation by using leader member exchange, intrinsic motivation and psychological empowerment as mediating variables. This type of research is associative research. Data collection in this study was conducted through a survey approach with quantitative descriptive research type by distributing questionnaires to 217 respondents, data collection techniques were carried out by interviews, questionnaires and documentation studies. The data analysis tool used in this study uses SPSS (Statistical Product Software Solution). Instrument Test In this study using Validity Test and Reliability Test. The data analysis technique in this research is descriptive analysis, hypothesis testing. The results showed that the Ethical Leadership variable Affects Intrinsic Motivation, Ethical Leadership Affects Leader Member Exchange, Ethical Leadership Affects Employee Psychological Empowerment, Leader Member Exchange Affects Employee Creativity, Intrinsic Motivation Affects Employee Creativity, Psychological Empowerment Affects Employee Creativity, Employee Creativity Affects Work Innovation.

Keywords

river tourism;
developing strategy;
regional destination



I. Introduction

In a company or organization, human resources are a valuable asset that has a positive impact on achieving the goals of a company. A company needs to manage its human resources well, leaders in a company have an important role in managing their human resources. Basically, leaders have the same role in treating their subordinates. But in reality, leaders treat their subordinates differently. The relationship between leaders and subordinates is seen as one of the important factors in discussing the phenomenon of leadership. This good relationship between the leader and his subordinates is important to ensure that the company functions effectively. Based on the phenomenon that occurs regarding the Leader Member Exchange (LMX) that in the work unit the leader develops a different type of relationship with his subordinates. Consequently, superiors and subordinates will have different Leader Member Exchange (LMX) relationships. This Leader Member Exchange occurs when there is a close relationship between superiors and subordinates, because basically employees work in teams and there will be frequent communication between leaders and employees. Furthermore, problems that also occur are still not in line with the leadership regarding the obligations that must and must be carried out for the progress of the company, such as work implementation, calculation of achievement targets that must be achieved and the lack of creativity possessed by employees. Employees have not been able to produce revolutionary ideas in their field of work. One example of employees who have not produced revolutionary ideas is that

employees do not use technology. Lack of leadership recognition for the work that has been achieved by its employees. Recognition is a form of feedback on the work that has been achieved. Recognition is not only intended to appreciate the work of employees, but also to motivate employees to further increase their productivity at work. Lack of promotion opportunities given by the leadership to its employees. In addition to appreciating the work of employees, promotion also aims to develop employee skills so that by providing promotion opportunities to employees will motivate employees to further increase their productivity. The importance of a company has human resources who have high creativity. Creativity is one of the characteristics that must be owned by an employee, because the higher the creativity, the higher the morale they have and will have an impact on increasing their work performance. Innovation is also one of the characteristics that must be owned by a leader. Innovative leaders are leaders who are able to demonstrate their ability to create new things and continue to grow. An innovative leader can be seen from his ability to implement every creative idea he thinks of. Various studies on the factors that can affect creativity have been done, but researchers are interested in conducting the same research on creativity and work innovation. By observing the description above, the purpose of this study is to analyze the Leader Member Exchange Mediation, Intrinsic Motivation and Psychological Empowerment The Effect of Ethical Leadership on Employee Creativity and Work Innovation. The results of this study are expected to be useful for organizations or companies to increase the creativity and innovation of their employees. For academics, the results of this research are expected to be a material for joint discussion in the future for further research on creativity and innovation in work and in entrepreneurship.

II. Review of Literature

2.1 Employee Creativity

Employee creativity is the ability of a person to create new combinations, based on data, information and elements owned. The results created are not always about something new, it can also be a combination of factors that have existed before. Creativity is part of an individual mental process in the form of effective new ideas, methods and products that are imaginative, flexible, aesthetic, integration, succession, discontinuity, and differentiation that have benefits for solving problems (Rachmawati, 2018).

2.2 Innovation

Innovation is a new finding that is different from the previous one in the form of the results of thoughts and ideas that are developed and can be implemented and then felt the benefits (Hutagalung and Hermawan, 2018). The emergence of new ideas or ideas is considered as creativity, while implementing a new idea is called innovation (Agustina, Gerhana and , 2020). In short, innovation is an ability that a person has to apply or apply creative ideas to the available opportunities in order to increase the added value of their potential. Innovation can effect the organizational performance (Siregar et al., 2020). The firm must be able to innovate in order to enhance business goal and performance (Nasution et al., 2021); (Siregar et al., 2021); (Siregar et al., 2019a); (Pranowo et al., 2020); (Siregar et al., 2019b)

2.3 Ethical Leadership

Ethical Leadership is a leader who has principles, beliefs and values that properly conceptualize an organization's or company's behavior, so that it can influence employees in achieving goals. Leadership as a supporting factor for strategic organizational success, leaders have several strategic roles including contributing to shape the attitudes, behaviors and values of their members in the work environment (Engelbrecht, Heine and Mahembe, 2017).

2.4 Leader Member Exchange

Leader Member Exchange is a description of the social relationships that are owned by superiors and subordinates in an organization or company and as a process of social exchange of work relations. The quality of leader member exchange in an organization or company can be well established if they have an attitude of mutual trust, mutual respect and respect between superiors and subordinates in doing work and in other social interactions according to Gu, Tang and Jiang in (SI and Satrya, 2020). Leader member exchange focuses on a two-way relationship between leaders and followers which is an exchange relationship that has the aim of increasing the success of the organization or company to create a positive relationship between a leader and his subordinates.

2.5 Intrinsic Motivation

Intrinsic Motivation is motivation that does not require external stimulation but is active motivation because it exists within each individual, the motivation that drives someone to do something (Sardiman, 2017). This motivation exists within the individual because of the expectations, goals and desires for something to be achieved so that enthusiasm will arise to achieve something, this motivation is a motivation that arises from oneself not from the direction or encouragement of others according to Tambunandalam (SI and Satria, 2020). Motivation is one of the important elements for improving performance (Syamsuri & Siregar, 2018) and (Niati et al., 2021).

2.6 Hypothesis

a. Effect of Ethical Leadership on Intrinsic Motivation

The leadership style of Ethical Leadership has an effect on increasing the intrinsic motivation of employees. This is driven by the leadership role in explaining the duties and functions of their employees at work. In increasing employees' understanding of their duties and functions, it can encourage them to carry out their work activities independently and create creative ideas that help them in completing their work tasks (Feng et al., 2018) Research conducted by SI and Satrya, (2020)) shows that the ethical leadership style variable has an effect on intrinsic motivation. Nurses, Kudungga and Testing, (no date) in their research stated that leadership has a significant effect on intrinsic motivation. The better and stronger the implementation of leadership that is applied, it will increase the motivation of the employees. In other words, the ethical leadership style applied by the leader will have an impact on increasing employee intrinsic motivation at work.

Hypothesis 1 : Ethical Leadership Intrinsic Motivation

b. The Effect of Ethical Leadership on Leader Member Exchange

Research conducted by Widodo, (2017) found that Ethical Leadership has a positive influence on Leader-Member Exchange (LMX). This means that the better the Ethical Leadership applied by the leader, the Leader-Member Exchange (LMX) relationship will also increase. Research conducted by SI and Satrya, (2020) shows that ethical leadership

style has an effect on improving the quality of leader member exchange. A good ethical leadership style provides opportunities for employees to build positive interactions between leaders and their subordinates at work. Based on research that has been conducted by Zedadra et al., (2019), found that there is an influence of ethical leadership on the leader member exchange. With an increase in the leader member exchange, the contribution, loyalty and affection for employees will also increase.

Hypothesis 2 : Ethical LeadershipLeader Member Exchange

c. The Effect of Ethical Leadership on Psychological Empowerment of Employees

The results of research conducted by Di et al., (2020) show that ethical behavior of leaders affects work engagement with psychological empowerment as a mediation between the two. SI and Satrya, (2020) Their research results show that ethical leadership style influences psychological empowerment. Chughtai in (SI and Satrya, 2020) suggests that the ethical leadership style has a positive impact on the psychological empowerment of employees. Husny Mochammad Shodiqin (Style, With and Psychological, 2018) The results of his research show that there is a significant relationship between leadership style and psychological empowerment.

Hypothesis 3 : Ethical LeadershipPsychological Empowerment of Employees

d. The Effect of Leader Member Exchange on Employee Creativity

Chua, Roth and Lemoine, (2015) suggest that the influence of leader member exchange on creativity can be seen in terms of the resource allocation theory approach. Employees who establish good quality leader member exchange with their leaders will get greater support in actualizing new creativity. Qu, Janssen and Shi, (2015) stated that the leader member exchange factor had a positive effect on creativity. SI and Satrya, (2020) the results of their research suggest that the quality of leader member exchange that is built between leaders and employees has not had an impact on increasing employee creativity at work. The quality of the leader member exchange that is built must be accompanied by various other factors in order to be able to have an impact on increasing creativity.

Hypothesis 4 : Leader Member Exchange Influences on Employee Creativity

e. The Effect of IntrinsicEmployee Creativity

Motivation onIntrinsic motivation is a process that encourages someone to be interested in doing something and directs himself to do it. Intrinsic Motivation as the initial factor to determine the level of creativity of an individual in completing the task. An individual who has an intrinsic factor will be encouraged to direct all his abilities to do his work to the fullest and apply his new creativity (Feng et al., 2018). Employee intrinsic motivation has an impact on increasing creativity at work (Zhang and Gheibi, 2015). Intrinsic motivation encourages employees to create creativity based on interest, curiosity and desire to learn on an ongoing basis. Employees who work because of the encouragement of intrinsic motivation will dare to take risks and be confident in creating various innovations. They also carry out their duties with full concentration when they get a challenging and complicated new assignment from their leader (Hur, Moon and Jun, 2016). SI and Satrya, (2020) in their research found that intrinsic motivation affects employee creativity.

Hypothesis 5 : Intrinsic Motivation Influences on Increasing Employee Creativity.

f. The Effect of Psychological Empowerment on Employee Creativity Psychological

Empowerment has a positive impact on increasing the creativity of employees, Seibert, Gang Wang and Courtright in (SI and Satrya, 2020). The results of research by Ouyang, Zhou and Qu, (2015) show that psychological empowerment is positively correlated with increasing creativity. The better the psychological condition of employees, the greater their creativity at work. A good psychological condition can encourage employees to actualize creativity into new innovations in accordance with the needs of the organization in improving the quality of service to stakeholders. Psychological empowerment factor is very important to stimulate employee initiative at work. The leadership role in providing work direction and guidance will strengthen employee competence in carrying out their duties. Strong employee competencies will make it easier for them to carry out various activities well and confidently (Sinha, Priyadarshi and Kumar, 2016).

Hypothesis 6 : Employee Psychological Empowerment Influences on Increasing Employee Creativity The

g. The Effect of Ethical Leadership on Employee Creativity

SI and Satrya, (2020) in their research suggests that ethical leadership style can affect employee creativity through the mediating role of other variables. Duan, Liu and Che, (2018) suggest that the influence of ethical leadership style on creativity is mediated by the attitude of employees who are willing to take risks. This attitude is very important to strengthen the mentality of employees when facing various risks in the process of implementing innovation. The attitude of employees who are willing to take risks will strengthen their desire and courage to actualize creativity at work. The results of research conducted by Roby Connect (Entrepreneurship and Connect, 2020) found that positive leadership was able to increase employee creativity. Knowledge sharing is proven to be able to strengthen the influence of leadership in increasing employee creativity at work.

Hypothesis 7 : Ethical Leadership Employee Creativity The

h. The Effect of Employee Creativity on Work Innovation

Wallas in Solso (Rompas et al., no date) states that there is a process in creativity such as a preparation process where a person can formulate a problem to solve it, after that it will enter the the second process is incubation where often someone can solve problems without realizing it, and the third process is illumination where someone has found a bright way to the problem, ideas and ideas appear to solve the problem, and the last process is verification where someone has found an idea or product. and the idea or product must be tested to prove its legitimacy so that it can be called an Innovation or something new that is better and more useful. Research In et al., (2018), Improving creativity such as being creative, giving encouragement, and even increasing skills and abilities will improve and improve employee performance. If in a company a leader or co-worker who always gives encouragement or encouragement to subordinates or other co-workers in any form, so that one's creativity will increase and be realized in a job, the performance of the employee itself will increase and also the productivity of the company. will also increase. Susrini, Muis and Wahda, (2019) From the results of his research suggesting creativity and innovative behavior, empirical findings are obtained that creativity has a positive but not significant effect on innovative behavior. It should be, the better the creativity of employees, the more innovative behavior of employees with interesting ideas that can support the progress of the company.

Hypothesis 8 : Employee Creativity Affects Work Innovation.

III. Research Methods

Population and Research Sample. The population in this study were employees at PT. Supra Matra Abadi at Aek Nabara Gardens as many as 473 people. According to (Sugiono, 2017) The sample is part of the number and characteristics possessed by the population. Determination of the sample size in this study was carried out using the Slovin formula as many as 217 people.

Research Instrument Test. Validity Test and Reliability Test. The purpose of testing the research instrument is to determine the level of validity and reliability of the questionnaire before data collection is carried out. Validity and reliability testing was carried out using the SPSS 20.0 for Windows program.

Data Processing And Analysis Methods. Processing in this study consists of descriptive statistics and the hypothesis test used in this study is a partial significant test (t test). The decision-making criteria for the partial test (t test) are if $t \text{ count} < t \text{ table}$, then H_0 is accepted or H_a is rejected and if $t \text{ count} > t \text{ table}$, then H_0 is rejected or H_a is accepted, with a significance level below 0.05 then H_0 is rejected and H_a accepted. Descriptive statistical data processing and hypothesis testing were carried out using the SPSS 20.0 for Windows program.

IV. Results and Discussion

Descriptive statistics aim to see the tendency of respondents' perceptions of the research variables. The data is presented in tabular form in the form of the average value (mean) of each question item in the questionnaire. The average value of each question item is grouped into three categories using the class formula proposed by Sugiyono (2013). The grouping of the average value category (mean) uses the value category as shown in table.

Table 1. Category Mean Value of Research Variables.

| Category | Mean |
|----------|--------------|
| High | 5.01 to 7.00 |
| Medium | 3.01 to 5.00 |
| Low | 1.00 to 3.00 |

Source: Data Processing Results (2021)

Overall, the responses given by respondents the indicator of variable measurement is high. In more detail, the descriptive statistics of each measurement indicator of each variable are presented in table 2 below.

Table 2. Descriptive Statistics of Research Variables

| No | Variables | Indicator Measurement Variables | Description |
|----|---------------------------|---------------------------------|-------------|
| 1 | Leader Member Exchange | LMX1, LMX2, LMX3, LMX4 | Moderate |
| 2 | Intrinsic Motivation | IM1, IM2, IM3 | Moderate |
| 3 | Psychological Empowerment | PP1, PP2, PP3, PP4 | Moderate |
| 4 | Ethical Leadership | EL1, EL2, EL3 | Medium |
| 5 | Employee Creativity | KK1, KK2, KK3, KK4, KK5 | Medium |
| 6 | Work Innovation | IB1, IB2, IB3 | Medium |

Source: Data Processing Results (2021)

Based on the validity test, it is known that for all variables, the value of Corrected item-total correlation (r_{count}) > r_{table} (0.361). Thus, all questionnaire items are valid. Reliability test is known that Cronbach's alpha coefficient > 0.60. Thus, all questionnaire items are reliable. With the following results:

Table 3. Validity and Reliability Results

| Indicator | Validity | | | Reliability | |
|--|----------------------------------|-------------|----------|------------------|-------------|
| | Corrected item-Total correlation | r_{table} | Criteria | Cronbach's Alpha | Description |
| LMX_1 | 0,579 | 0,361 | Valid | 0.758 | Reliable |
| LMX_2 | 0.756 | 0.361 | Invalid | | |
| LMX_3 | 0.594 | 0.361 | Valid | | |
| LMX_4 | 0.734 | 0.361 | Valid | | |
| Motivation Instrik_1 | 0.704 | 0.361 | Invalid | 0.796 | Reliable |
| MotivationInstrik_2 | 0.744 | 0.361 | Valid | | |
| MotivationInstrik_3 | 0.765 | 0.361 | Valid | | |
| Psikologis_1 Empowerment Psychological | 0.595 | 0.361 | Invalid | 0.679 | Reliable |
| Empowerment_2 Psychological | 0,535 | 0,361 | Valid | | |
| Empowerment_3 Psychological | 0,520 | 0,361 | Valid | | |
| Empowerment_4 Psychological | 0,549 | 0,361 | Valid | | |
| Ethical Leadership_1 | 0,696 | 0,361 | Valid | 0.805 | Reliable |
| Ethical Leadership_2 | 0,812 | 0,361 | Valid | | |
| Ethical Leadership_3 | 0.752 | 0.361 | Valid | | |
| Karyawan_1 Creativity | 0.771 | 0.361 | Invalid | 0.778 | Reliable |
| CreativityKaryawan_2 | 0.558 | 0.361 | Valid | | |
| CreativityKaryawan_3 | 0.752 | 0.361 | Invalid | | |
| CreativityKaryawan_4 | 0.710 | 0.361 | Invalid | | |
| CreativityKaryawan_5 | 0.699 | 0.361 | Valid | | |
| Bekerja_1 Innovation | 0.555 | 0.361 | Invalid | 0.635 | Reliable |
| InnovationBekerja_2 | 0.533 | 0.361 | Valid | | |

The results of hypothesis testing can be seen based on the value of decision making criteria for Partial Significant Test (t-test) If $t_{count} < t_{table}$, then H_0 is accepted or H_a is rejected and If $t_{count} > t_{table}$, then H_0 is rejected or H_a is accepted with a significance level below 0.05 then H_0 is rejected and H_a is accepted. The conclusion of the hypothesis testing results are presented in the following figure:

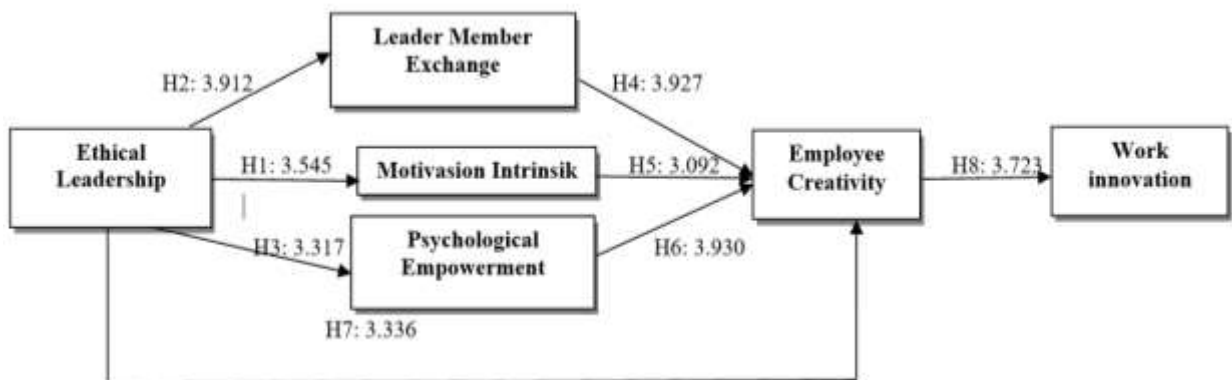


Figure 1. Hypothesis Testing Results

4.1 Discussion

a. The Effect of Ethical Leadership Motivation

On IntrinsicBased on the results of hypothesis testing, it shows that the ethical leadership variable has an effect on intrinsic motivation. The results of this study indicate that hypothesis H1 can be accepted. This study is in line with several previous studies conducted by SI and Satrya, (2020) which showed that the ethical leadership style variable had an effect on intrinsic motivation. (Feng et al., 2018) Ethical Leadership leadership style has an influence on increasing employees' intrinsic motivation. This is driven by the leadership role in explaining the duties and functions of their employees at work. In increasing employees' understanding of their duties and functions, it can encourage them to carry out their work activities independently and create creative ideas that help them in completing their work tasks. Nurses, Kudungga and Testing, (no date) in their research stated that leadership has a significant effect on intrinsic motivation. The better and stronger the implementation of leadership that is applied, it will increase the motivation of the employees. In other words, the ethical leadership style applied by the leader will have an impact on increasing employee intrinsic motivation at work.

b. The Effect of Ethical Leadership on Leader Member Exchange

Based on the results of hypothesis testing, it shows that the ethical leadership variable has an effect on Leader-Member Exchange. The results of this study indicate that hypothesis H2 can be accepted. This research is in line with several previous studies conducted by Widodo, (2017) found that Ethical Leadership has a positive influence on the Leader-Member Exchange (LMX). Research conducted by SI and Satrya, (2020) shows that ethical leadership style has an effect on improving the quality of leader-member exchange. A good ethical leadership style provides opportunities for employees to build positive interactions between leaders and their subordinates at work. Zedadra et al., (2019), found that there is an influence of ethical leadership on leader-member exchange. With an increase in the leader-member exchange, the contribution, loyalty, and affection for employees will also increase.

c. The Effect of Ethical LeadershipEmployee Psychological Empowerment

On Based on the results of hypothesis testing, it shows that the Ethical Leadership variable has an effect on Employee Psychological Empowerment. The results of this study indicate that hypothesis H3 can be accepted. This study is in line with several previous studies conducted by et al., (2020) showing that the ethical behavior of leaders affects work engagement with psychological empowerment as a mediation between the two. SI and Satrya, (2020) research results show that ethical leadership style influences psychological empowerment. Chughtai in (SI and Satrya, 2020) suggests that the ethical leadership style has a positive impact on the psychological empowerment of employees. Husny Mochammad Shodiqin (Style, With and Psychological, 2018) The results of his research show that there is a significant relationship between leadership style and psychological empowerment.

d. The Effect of Leader Member ExchangeEmployee Creativity

On Based on the results of hypothesis testing, it shows that the Leader Member Exchange variable has an effect on Employee Creativity. The results of this study indicate that hypothesis H4 can be accepted. This study is in line with several previous studies conducted by Chua, Roth, and Lemoine, (2015) who stated that the influence of leader member exchange on creativity can be seen in terms of the resource allocation theory

approach. Employees who establish good quality leader-member exchange with their leaders will get greater support in actualizing new creativity. Qu, Janssen and Shi, (2015) stated that the leader member exchange factor had a positive effect on creativity. SI and Satrya, (2020) the results of their research suggest that the quality of leader member exchange that is built between leaders and employees has not had an impact on increasing employee creativity at work. The quality of the leader-member exchange that is built must be accompanied by various other factors in order to be able to have an impact on increasing creativity.

e. The Effect of Intrinsic Motivation Employee Creativity

On Based on the results of hypothesis testing, it shows that the Intrinsic Motivation variable has an effect on Employee Creativity. The results of this study indicate that hypothesis H5 can be accepted. This research is in line with several previous studies conducted by SI and Satrya, (2020) in their research finding that intrinsic motivation affects employee creativity. (Zhang and Gheibi, 2015) Intrinsic motivation of employees has an impact on increasing creativity at work. Intrinsic motivation encourages employees to create creativity based on interest, curiosity, and desire to learn on an ongoing basis. Employees who work because of the encouragement of intrinsic motivation will dare to take risks and be confident in creating various innovations. They also carry out their duties with full concentration when they get a challenging and complicated new assignment from their leader (Hur, Moon and Jun, 2016).

f. The Effect of Psychological Empowerment Employee Creativity

On Based on the results of hypothesis testing, it shows that the variable of Psychological Empowerment has an effect on Employee Creativity. The results of this study indicate that hypothesis H6 can be accepted. This study is in line with several previous studies conducted by Ouyang, Zhou and Qu, (2015) which showed that psychological empowerment was positively correlated with increasing creativity. Seibert, Gang Wang, and Courtright in (SI and Satrya, 2020) Psychological empowerment has a positive impact on increasing the creativity of employees. A good psychological condition can encourage employees to actualize creativity into new innovations in accordance with the needs of the organization in improving the quality of service to stakeholders. The psychological empowerment factor is very important to stimulate employee initiative at work. The leadership role in providing work direction and guidance will strengthen employee competence in carrying out their duties. Strong employee competencies will make it easier for them to carry out various activities well and confidently (Sinha, Priyadarshi and Kumar, 2016).

g. The Effect of Ethical Leadership Employee Creativity

On Based on the results of hypothesis testing, it shows that the variable Ethical Leadership on Employee Creativity. The results of this study indicate that hypothesis H7 can be accepted. This research is in line with several previous studies conducted by SI and Satrya, (2020) in their research, suggesting that ethical leadership styles can affect employee creativity through the mediating role of other variables. Duan, Liu and Che, (2018) mengemukakan bahwa pengaruh gaya kepemimpinan ethical leadership terhadap kreativitas dimediasi oleh sikap pegawai yang mau menanggung resiko (willingness to take risk). Hasil penelitian yang dilakukan oleh Roby Sambung (Kewirausahaan and Sambung, 2020) menemukan bahwa Kepemimpinan secara positif mampu meningkatkan kreatifitas pegawai.

h. The Effect of Employee Creativity Work Innovation

On Based on the results of hypothesis testing, it shows that the variable of Employee Creativity has an effect on Work Innovation. The results of this study indicate that the H8 hypothesis can be accepted. This research is in line with several previous studies conducted by Susrini, Muis and Wahda, (2019). From the results of his research that suggests creativity and innovative behavior, empirical findings are obtained that creativity has a positive but not significant effect on innovative behavior. Wallas in Solso (Rompas et al., no date) states that there is a process in creativity such as the preparation process where one can formulate a problem to solve it, after that it will enter the second process, namely incubation where often one can solve the problem without realizing it, and the third process is illumination where someone has found a bright way to the problem, ideas and ideas appear to solve the problem, and the last process is verification where someone has found an idea or product and the idea or product must be tested to prove its legitimacy so that it can be called Innovation or something new that is better and more useful. Research In et al., (2018), Improving creativity such as being creative, giving encouragement, and even increasing skills and abilities will improve and improve employee performance. If in a company a leader or co-worker who always gives encouragement or encouragement to subordinates or other co-workers in any form, so that one's creativity will increase and be realized in a job, the performance of the employee itself will increase and also the productivity of the company will also increase.

V. Conclusion

The results of research at PT. Supra Matra Abadi Kebun Aek Nabara shows that ethical leadership style variables affect intrinsic motivation, leader-member exchange and psychological empowerment. And the leader-member exchange variable, Intrinsic Motivation, Psychological Empowerment is mediated by the employee creativity variable. While the variable of employee creativity has an effect on work innovation.

Results of the study recommend several managerial implications to increase employee creativity and innovation at work. First, PT. Supra Matra Abadi Kebun Aek Nabara needs to conduct a competency test and set specific minimum eligibility standards as a prerequisite for employees to fill various types of positions. The suitability of competence with the position will increase intrinsic motivation at work. Employees become more interested in their work and are motivated to carry out their duties well because they enjoy every task they carry out (Feng, Zhang, Liu, Zhang and Han, 2016) in (SI and Satrya, 2020). Second, the leadership of PT. Supra Matra Abadi Kebun Aek Nabara needs to strengthen the psychological empowerment of employees through analysis of employee development needs specifically and varies according to the needs of each individual. Adequate competence will strengthen employees' self-confidence in carrying out various institutional tasks and create new innovations according to agency needs. Furthermore, leaders need to respond to the ideas of employee creativity through mentoring and facilitating its application in work. Providing space for the implementation of creativity will have an impact on strengthening the dimensions of employee impact at work (Özarallı, 2015) (Ozarall, 2015). Employees will feel that their creative ideas and ideas are not in vain and can contribute to improving the quality of performance and can encourage employees to innovate at work.

Research This study only analyzes the effect of ethical leadership on employee creativity and work innovation using mediating variables, namely leader-member exchange, intrinsic motivation and psychological empowerment. Various other factors

outside of these variables cannot be analyzed for their influence. In addition, the study only examined one company. Further research can be done by analyzing various other government agencies in order to obtain a more comprehensive picture of the creativity of employees in the public sector. Several other variables that can be used for further research are knowledge sharing, public service motivation and work autonomy. Further research can also examine the effect of work creativity on work productivity.

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