

ABSTRACT

Although numerous technology-based innovations have been introduced within KSPPS Artha Bahana, employee participation in generating creative and novel ideas remains relatively limited. This study seeks to explore the extent to which transformational leadership influences employees' innovative work behavior, emphasizing the mediating roles of work engagement and intrinsic motivation. Employing a quantitative research design, the analysis was conducted using Structural Equation Modeling with the Partial Least Squares (SEM-PLS) technique. Data were obtained through a census of 62 employees, comprising staff from the Operational Head Office and managerial-level employees across branch offices. The empirical findings reveal that transformational leadership has a statistically significant and positive effect on work engagement, intrinsic motivation, and employees' propensity to engage in innovative behaviors. Furthermore, both mediating variables—work engagement and intrinsic motivation—were demonstrated to partially mediate the relationship between transformational leadership and innovative work behavior. These findings highlight the importance of fostering dynamic leadership styles that not only inspire but also catalyze employee involvement and motivation. Managerial strategies that nurture high levels of engagement and intrinsic drive are essential in cultivating an innovation-oriented organizational culture within KSPPS Artha Bahana.

Keywords: transformational leadership, work engagement, intrinsic motivation, innovative work behavior

