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## Antecedents of Innovative Work Behavior and its Impact on Business Performance

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### Abstract

*The aim of this study is to investigate the influence of antecedents, such as psychological empowerment and intellectual capital, on various aspects of innovative work behavior, such as idea exploration, generation, championing, and implementation, and to examine the role of each dimension in mediating the impact on business performance. The study is particularly relevant for small and medium-sized enterprises (SMEs) looking to enhance their employees' innovative behavior and optimize their business performance. A quantitative research approach was used, involving the distribution of questionnaires to 254 SMEs in West Sumatra, Indonesia, both directly and through an online survey platform. The analysis was conducted using SEM-PLS to examine the influence and mediating role of the variables. The findings demonstrate that psychological empowerment and intellectual capital have a significant effect on each dimension of innovative work behavior, with psychological empowerment acting as an antecedent and innovative work behavior as a mediator for business performance. This study contributes to the existing literature on psychological empowerment, intellectual capital, innovative work behavior, and business performance and can aid governments in formulating policies to support SMEs in improving their business performance.*

*Keywords— Innovative Work Behavior; Business Performance*

### Abstrak

Tujuan dari penelitian ini adalah untuk mengeksplorasi pengaruh dari anteseden seperti psychological empowerment dan intellectual capital pada berbagai aspek perilaku kerja inovatif, seperti eksplorasi ide, generasi ide, advokasi ide, dan implementasi ide, serta memeriksa peran dari setiap dimensi dalam memediasi dampak pada kinerja bisnis. Penelitian ini sangat relevan bagi usaha kecil dan menengah (UKM) yang ingin meningkatkan perilaku inovatif karyawan mereka dan mengoptimalkan kinerja bisnis mereka. Pendekatan penelitian kuantitatif digunakan, dengan menyebarkan kuesioner kepada 254 UKM di Sumatera Barat, Indonesia, baik secara langsung maupun melalui platform survei online. Analisis dilakukan dengan menggunakan teknik SEM-PLS untuk mengeksplorasi pengaruh dan peran mediasi dari variabel-variabel tersebut. Temuan menunjukkan bahwa psychological empowerment dan intellectual capital memiliki pengaruh signifikan pada setiap dimensi perilaku kerja inovatif, dengan psychological empowerment bertindak sebagai anteseden dan perilaku kerja inovatif sebagai mediator untuk kinerja bisnis. Penelitian ini berkontribusi pada literatur yang ada tentang psychological empowerment, intellectual capital, perilaku kerja inovatif, dan kinerja bisnis, dan dapat membantu pemerintah dalam merumuskan kebijakan untuk mendukung UKM dalam meningkatkan kinerja bisnis mereka.

Kata kunci— Perilaku Kerja Inovatif; Kinerja Bisnis

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## I. INTRODUCTION

Innovation is essential for competitiveness at all levels, and innovative work behavior involves intentionally generating, promoting, and implementing new ideas for the benefit of the organization (Colakoglu et al., 2019; Schuckert et al., 2018). This behavior is a sustainable competitive advantage that requires ongoing effort from employees and attention from organizational management. In the digital era, technological innovation is also very important for SMEs (Small and Medium Enterprises) (Lee et al., 2019). By leveraging technology, SMEs can expand their market and improve operational efficiency. Innovative SMEs in technology can use digital platforms to sell products or services, speed up production processes, or improve interactions with customers (AlAjmi, 2022). A culture of innovation will encourage employees to think creatively and propose new ideas. Innovative SMEs have a greater chance of surviving and thriving in a competitive environment (Sriboonlue & Puangpronpitag, 2019).

Indonesia is facing a significant challenge in the area of innovation compared to its neighboring countries, according to the 2021 Global Innovation Index report. The report reveals that Indonesia lags far behind its neighbors in terms of innovation, ranking 87th globally, while Malaysia ranks 36th and Singapore ranks 8th. Indonesia's position in the "Creative Goods and Services" and "innovation linkages" instruments is also relatively low compared to Malaysia and Singapore. In the "Creative Goods and Services" instrument, Indonesia ranks 75th, while Malaysia ranks 10th and Singapore ranks 13th. In the "innovation linkages" instrument, Indonesia ranks 64th, Malaysia ranks 38th, and Singapore ranks 13th. The report highlights that Indonesian SMEs must embrace a creative and innovative mindset to succeed in the global market competition. Without proper innovation and creativity, Indonesian SMEs will not be able to compete effectively. The report urges Indonesian SMEs to take action and prioritize innovation to improve their competitiveness and performance.

Innovative behavior in employees is directly linked to a firm's business performance (Afsar et al., 2020; Cai et al., 2018). A firm's ability to introduce innovative products, services, and processes into the market is dependent on its employees' innovative behavior (Battistelli et al., 2019). This behavior leads to the development of competitive advantages, which improves a firm's financial and market health compared to its competitors (Saeed et al., 2019). Innovative employees who recognize problems and generate solutions or ideas and produce prototypes for mass production can increase a firm's profitability, sales, and market share (Mielniczuk & Laguna, 2020). Empirical studies have demonstrated a positive relationship between innovative behavior, competitiveness, and business performance, highlighting the importance of fostering innovative behavior among employees to achieve optimal business performance (Fitriyani et al., 2022; Park, 2020).

Psychological empowerment has been proven effective in promoting innovative work behavior (Knol & Van Linge, 2009; Schermuly et al., 2013). However, the relationship between psychological empowerment and innovative work behavior is complex and dependent on individual differences such as intrinsic motivation and leadership (Ali et al., 2020). This suggests that leaders need to be informed about the factors that influence employee reactions in order to effectively facilitate innovative work behavior in the organizational environment (Ghosh et al., 2019). Study findings suggest that psychological empowerment may be most effective in promoting innovative work behavior in employees (Fahlevi SI & Satrya, 2020; Teng et al., 2020). Psychological empowerment is considered important in maintaining employee engagement in the creative work process. It is defined as a set of cognitions or states influenced by the work environment that help employees create an active orientation towards job tasks (Singh & Sarkar, 2019). Therefore, it is important to investigate how psychological empowerment contributes to each dimension of innovative work behavior.

Intellectual capital is a crucial asset for organizations to utilize to promote their employees' innovative behavior in the workplace (Astuti & Anggraini, 2015; Chatzoglou & Chatzoudes, 2018). Research has found that an organization's intellectual capital has a positive effect on employee's innovative behavior, and it comprises human capital, structural capital, and customer capital (Sun, 2021; Ullah et al., 2021). Previous studies have explored the effects of these elements on business performance, but their effects on employees' innovative behavior require further investigation (Pokrovskaja et al., 2021). Therefore, investigating the relationship between intellectual capital and the multidimensional measure of an individual's innovative work behavior in the workplace is crucial (Narzary & Palo, 2021). Utilizing intellectual capital effectively can drive employees' innovative behavior, leading to a competitive advantage and business prosperity.

Park explains that innovative work behavior, organizational citizenship behavior, and job performance are dimensions of productive behavior that will improve business performance (Park, 2020). Meanwhile, Bibi et al also examined how innovative work behavior affects business performance, but the antecedents used were only at the organizational level, not at the individual employee behavior (Bibi et al., 2020). In the study by Sahyaja &

Rao, they added that the leader's role is essential in accelerating innovation performance to create an ambidextrous organization (Sahyaja & Rao, 2019). On the other hand, the research conducted by Ali et al and Saeed et al examined the antecedents of psychological empowerment on innovative work behavior, but its influence has not been explained in every dimension (Ali et al., 2020; Bin Saeed et al., 2019). The studies carried out by Ullah et al, Sun, and Pokrovskaja et al examined the role of intellectual capital in improving innovative work behavior, but the research is still limited and has not reached every dimension of innovative work behavior (Pokrovskaja et al., 2021; Sun, 2021; Ullah et al., 2017).

This study examines the role of the antecedents of psychological empowerment and intellectual capital on each dimension of innovative work behavior, as well as the mediating role of each dimension on the impact on business performance. The aim of this study is to investigate how these antecedents influence each dimension, which is beneficial for SMEs in developing innovative behavior among their employees and optimizing their business performance. Additionally, this study is expected to contribute to the literature on psychological empowerment, intellectual capital, innovative work behavior, and business performance. Furthermore, this study can also assist governments in formulating policies to improve the business performance of SMEs in their regions.

## II. LITERATURE REVIEW

### A. *Psychological Empowerment, Intellectual Capital and Innovative Work Behavior*

Psychological empowerment is a critical factor in promoting innovative work behavior among employees. Lack of psychological empowerment can hinder creativity and lead to compliance with organizational policies and regulations, which can inhibit innovation (Bin Saeed et al., 2019; Teng et al., 2020). Intrinsic motivation is also important in promoting innovative work behavior, especially among employees who have a high perception of psychological empowerment (Saether, 2019). Transformational leadership can promote innovative work behavior, but the relationship is further explained by intervening variables such as psychological empowerment and intrinsic motivation (Li et al., 2019). Therefore, leaders should focus on promoting psychological empowerment and intrinsic motivation among their employees to encourage a culture of innovation in the organization (Knol & Van Linge, 2009; Singh & Sarkar, 2019). By delegating authority, encouraging collaboration, and providing opportunities for shared learning experiences, transformational leaders can promote psychological empowerment and intrinsic motivation among their employees, thereby enhancing innovative work behaviour (Ghosh et al., 2019). When employees feel empowered, they see themselves as competent and capable of initiating change, influencing their role, and shaping the work context according to their own preferences (Safari et al., 2020). This sense of empowerment facilitates proactive behavior, demonstrating initiative, and acting independently. Leaders should try to strengthen the psychological empowerment dimensions and instill a sense of free will among their followers to translate the organization's vision and mission into daily routine tasks and work contexts, thus promoting a culture of innovation in the organization (D. K. Gautam & Bhandari Ghimire, 2017).

Intellectual capital is essential for firms to thrive in today's dynamic business environment, and it encompasses formalized and leveraged intellectual materials such as knowledge, experience, and relationships (Khan et al., 2019; Pokrovskaja et al., 2021). The concept of intellectual capital includes three elements: human facets, intra-organizational structures, and the external environment (Chatzoglou & Chatzoudes, 2018). An organization's ability to innovate is significantly linked to their intellectual capital, which includes human, structural, and customer capital (Astuti & Anggraini, 2015). The relationship between organizational intellectual capital and employees' innovative behavior in the workplace is significant. By promoting intellectual capital, including empowering employees, promoting intrinsic motivation, and utilizing transformative leadership, firms can foster a culture of innovation and encourage employees to engage in innovative work behaviour (Wang et al., 2022). Therefore, intellectual capital is a critical resource for firms seeking to drive innovation and remain competitive in a dynamic business context (Olarewaju & Msomi, 2021).

Innovative work behavior consists of four dimensions that contribute to successful innovation in organizations: idea exploration, idea generation, idea championing, and idea implementation (Ghosh et al., 2019). Idea exploration involves searching for new opportunities and alternative solutions, while idea generation involves creating new and original concepts (Munir & Beh, 2019). Idea championing involves advocating for new ideas and gaining support for their implementation, and idea implementation involves putting new ideas into action by executing plans, allocating resources, and monitoring progress (Friedman & Carmeli, 2018). Innovative employees who engage in these dimensions possess various skills and characteristics, such as

curiosity, openness, creativity, persuasion, communication, action-orientation, and problem-solving (Javed et al., 2021). These dimensions are crucial to fostering innovation in organizations and require a collaborative and supportive work environment that empowers employees to contribute their ideas and utilize their intellectual capital to the fullest potential (Wang et al., 2022). The research will investigate the impact of psychological empowerment and intellectual capital on each dimensions of innovative work behavior. Based on this, this study proposes the following hypothesis:

H1a-d: Psychological empowerment affects on a. idea exploration; b. idea generation; c. idea championing; and d. idea implementation

H2a-d: Intellectual capital affects on a. idea exploration; b. idea generation; c. idea championing; and d. idea implementation

### *B. Innovative Work Behavior and Business Performance*

In the current business scenario, innovation is a primary resource for organizations to stand out from their competitors and gain a competitive edge (Banmairuoy et al., 2022; D. Gautam, 2018). Innovative behavior can help organizations to introduce new ideas, products, and services, improve processes and procedures, and ultimately enhance job performance (Park, 2020). On the other hand, extra-role contextual performance is equally important as it fosters a positive work environment, promotes teamwork, enhances communication, and motivates employees to go beyond their prescribed duties to contribute to the organization's success (Sriboonlue & Puangpronpitag, 2019; Tjiptono, 2015). Such positive behaviors can lead to increased customer satisfaction, higher employee engagement and retention, better decision-making, and a competitive edge in the market, ultimately leading to improved business performance (Fitriyani et al., 2022; Nugraha et al., 2021). Moreover, employees' innovative behavior can also impact business performance positively, as it leads to the creation of new and better products and services, and enhances the organization's ability to adapt to changing market conditions (Detnakarin & Rurkkhum, 2019; Rahman et al., 2021). Meanwhile, the effective implementation of ideas can have a positive impact on a business's performance, leading to increased productivity, efficiency, cost savings, and revenue growth (Mura et al., 2012). Therefore, businesses should have a clear and effective implementation plan that involves identifying potential challenges to improve their chances of success and overall performance.

The other hand, innovative behavior begins with problem recognition and the generation of solutions or ideas, either adopted or novel (Khaola & Coldwell, 2019; Rao Jada et al., 2019). Employees then seek support for their ideas to build an alliance of supporters, and in the final stage, they convert the idea by producing a prototype of the innovation, which is then diffused to mass production (Battistelli et al., 2019; Saether, 2019). This behavior helps build the firm's competitiveness by enabling it to develop innovative processes and introduce new products and services in the market (Akram et al., 2020; Nazir & Islam, 2020). Positive relationships have been found between innovative behavior, competitiveness, and business performance, highlighting the importance of encouraging innovative behavior among employees (Afsar et al., 2020; Hughes et al., 2018; Li et al., 2019). Organizations must foster an environment that encourages and promotes innovative behavior among employees (Cai et al., 2018). Employee's innovative behavior is essential for organizational success, as it helps organizations to remain relevant, competitive, and ultimately achieve their goals and objectives (Park, 2020; Pokrovskaja et al., 2021; Sahyaja & Rao, 2019). Based on this, this study proposes the following hypothesis:

H3: Idea implementation affects on business performance

H4: Psychological empowerment affects on business performance which is mediated by each dimensi innovative work behavior

H5: Intellectual capital influences business performance which is mediated by each dimension of innovative work behavior

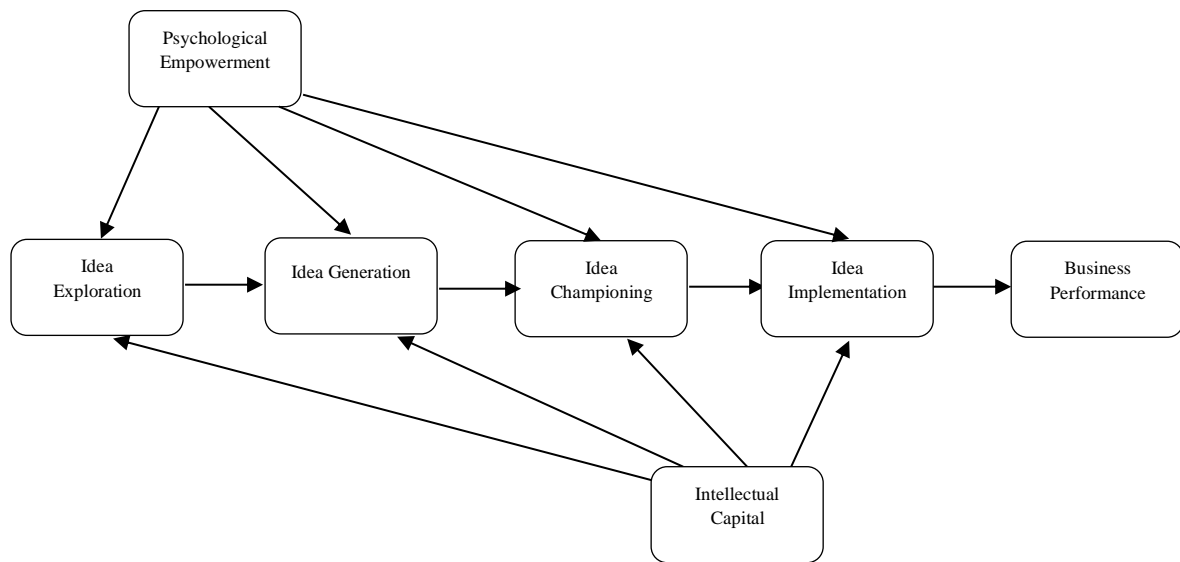


Fig. 1. Conceptual Framework

### III. RESEARCH METHODOLOGY

#### A. Procedure and Respondents

The research focused on SMEs located in West Sumatra because previous studies have shown that SMEs in this region tend to display innovative behaviour (Andri et al., 2020). The research follows a quantitative approach and involves distributing questionnaires to small and medium enterprises (SMEs) located in West Sumatra, Indonesia. The Central Statistics Agency's data from 2020 shows that there are 94,392 SMEs in West Sumatra. Using the Slovin formula, the researchers selected 383 SMEs to receive the questionnaire. Out of the 383, 254 respondents completed and returned the questionnaire, resulting in a survey response rate of 66.3%. The researchers used two methods to distribute the questionnaire, with 150 questionnaires distributed directly to SMEs and the remaining questionnaires distributed using g-forms, with the assistance of influencer accounts on Instagram and Facebook.

#### B. Measurement

All variables are measured using a five-point Likert scale. Innovative work behavior refers to the dimensions identified by Ghosh et al (Ghosh et al., 2019), namely idea exploration, idea generation, idea championing, and idea implementation. Meanwhile, psychological empowerment refers to the dimensions used by Ali et al (Ali et al., 2020), which include meaning, competence, autonomy, self-determination, and impact. The variable of intellectual capital takes the dimensions identified by Ullah et al (Ullah et al., 2021), which are human capital and social capital. Finally, the variable of business performance has three dimensions identified by Chaithanapat et al (Chaithanapat et al., 2022), namely financial performance, marketing performance, and operational performance.

#### C. Data Analysis

To analyze the data collected, the researchers utilized the path analysis technique using Structural Equation Model - Partial Least Square (SEM-PLS), which was developed by Hair et al. (Hair et al., 2014). The study involved computing various statistical measures, including factor loading, composite reliability, Average Variance Extracted (AVE), and discriminant validity, as well as the structural model.

#### IV. RESULT/FINDING

##### A. Measurement Model

The validity and reliability of the instrument used in the study were evaluated using several statistical measures, which are presented in Table I. These measures include the Fornell-Larcker Criterion, Average Variance Extracted (AVE), Cronbach Alpha and Composite Reliability,

Table 1. Measurement Model

Variable	BP	ICH	IE	IG	IM	IC	PE	Cronbach Alpha	Composite Reliability	AVE
BP	<b>0,827</b>							0,769	0,866	0,684
ICH	0,327	<b>0,850</b>						0,716	0,838	0,722
IE	0,217	0,265	<b>0,808</b>					0,769	0,79	0,653
IG	0,410	0,484	0,383	<b>0,884</b>				0,72	0,877	0,781
IM	0,446	0,579	0,321	0,516	<b>0,843</b>			0,894	0,831	0,711
IC	0,502	0,501	0,308	0,483	0,579	<b>0,831</b>		0,777	0,87	0,691
PE	0,561	0,420	0,332	0,522	0,570	0,479	<b>0,769</b>	0,828	0,878	0,591

Source: Processed data (2023)

The study's findings indicate that the Average Variance Extracted (AVE) value for each construct surpasses the recommended threshold value of 0.5. Discriminant validity was also confirmed as the AVE value for each construct was found to be greater than the square of the correlation between the constructs. Furthermore, the composite reliability value for each construct was found to be greater than the minimum threshold of 0.7, and the reliability values for each construct exceeded the recommended value of 0.7 for Cronbach's alpha. Based on these results, all of the constructs in the study meet the required standards for validity and reliability (Hair et al., 2014).

##### B. Structural Model and Hypothesis Testing

The study employed SEM-PLS to examine the direct effects of the variables. The bootstrapping approach was utilized to estimate the direct, indirect, and overall effects. This method involved using 5000 subsamples with a 95% interval bias-corrected evidence to determine the accuracy of the results.

Table 2. Hypothesis Testing Result

Predictors	$\beta$	T-Statistics	P-Value	Result
<i>Direct effects</i>				
Psychological Empowerment -> Idea Exploration	0,240	3,293	0,001	Supported
Psychological Empowerment -> Idea Generation	0,332	5,058	0,000	Supported
Psychological Empowerment -> Idea Championing	0,134	2,025	0,043	Supported
Psychological Empowerment -> Idea Implementation	0,306	4,136	0,000	Supported
Intellectual Capital -> Idea Exploration	0,193	2,599	0,010	Supported
Intellectual Capital -> Idea Generation	0,265	4,197	0,000	Supported
Intellectual Capital -> Idea Championing	0,309	4,925	0,000	Supported
Intellectual Capital -> Idea Implementation	0,277	4,432	0,000	Supported

Predictors	$\beta$	T-Statistics	P-Value	Result
Idea Exploration -> Idea Generation	0,191	2,934	0,003	Supported
Idea Generation -> Idea Championing	0,265	3,627	0,000	Supported
Idea Championing -> Idea Implementation	0,312	5,215	0,000	Supported
Idea Implementation -> Business Performance	0,446	7,022	0,000	Supported
<b>Mediating Effects</b>				
Psychological Empowerment -> Idea Exploration -> Idea Generation -> Idea Championing -> Idea Implementation -> Business Performance	0,202	2,441	0,015	Supported
Intellectual Capital -> Idea Exploration -> Idea Generation -> Idea Championing -> Idea Implementation -> Business Performance	0,091	1,217	0,224	Not Supported

Source : Processed data (2023)

Berdasarkan table 2 diatas, terlihat bahwa terdapat pengaruh yang signifikan antara PE terhadap setiap dimensi IWB yang mana PE terhadap IE (PV 0,001), IG (PV 0,000), ICh (PV 0,043) dan IM (PV 0,000). Apabila dilihat dari T-Statistics, pengaruh dominan dari PE yaitu terhadap IG yaitu sebesar 5,058. Selanjutnya, pengaruh IC terhadap setiap dimensi IWB juga terlihat seluruhnya signifikan yang mana IC terhadap IE (PV 0,010), IG (PV 0,000), ICh (PV 0,000) dan IM (PV 0,000) dimana masing – masing nilai P-Value lebih kecil dari pada 0,05. Pada variable IC terlihat pengaruh dominannya yaitu terhadap ICh dimana T-Statistics nya sebesar 4,925. Sedangkan pengaruh antar dimensi terlihat memiliki nilai signifikan diantaranya IE terhadap IG (PV 0,003), IG terhadap ICh (PV 0,000), ICh terhadap IM (PV 0,000) dan IM terhadap BP (PV 0,000). Pada temuan ini terlihat bahwa IM memiliki nilai T-Statistics yang dominan yaitu sebesar 7,022. Dengan demikian, hasil ini mengungkap bahwa H1a-d dan H2a-d terbukti signifikan.

Selain dari pada itu, pada pengaruh mediasi terlihat PE menjadi antecedent yang signifikan dengan melalui setiap dimensi IWB dan berpengaruh positif terhadap BP yang mana nilai signifikansi 0,015 kecil dari pada 0,05. Namun sebaliknya pada pengaruh IC yang dimediasi dimensi IWB belum mampu berperan dalam peningkatan BP. Dengan demikian, hasil tersebut mengungkap bahwa H3 terbukti signifikan, H4 terbukti signifikan dan H5 ditolak / tidak signifikan. Selanjutnya adalah pengujian pada koeficient determinasi yang dapat dilihat pada table dibawah ini:

Table 3. R Square

Predictors	R Square	Contribution
Idea Exploration	0,139	Weak
Idea Generation	0,374	Weak
Idea Championing	0,339	Weak
Idea Implementation	0,515	Moderate
Business Performance	0,199	Weak

Source: Processed data (2023)

Pada table 3 tersebut terlihat PE dan IC berkontribusi terhadap IE sebesar 13,9% yang mana masuk pada kriteria lemah, sedangkan kontribusi PE, IC dan IE terhadap IG sebesar 37,4% juga masuk pada kategori lemah, kontribusi PE, IC, dan IG terhadap ICh sebesar 33,9% juga pada kategori lemah, kontribusi PE, IC dan ICh terhadap IM masuk pada kriteria moderat dengan nilai 51,5%, dan kontribusi IM terhadap BP juga masuk pada kriteria lemah dengan nilai 19,9% (Sarstedt et al., 2017).

To provide a clearer presentation of the study's findings, we have simplified the results in the following figure:

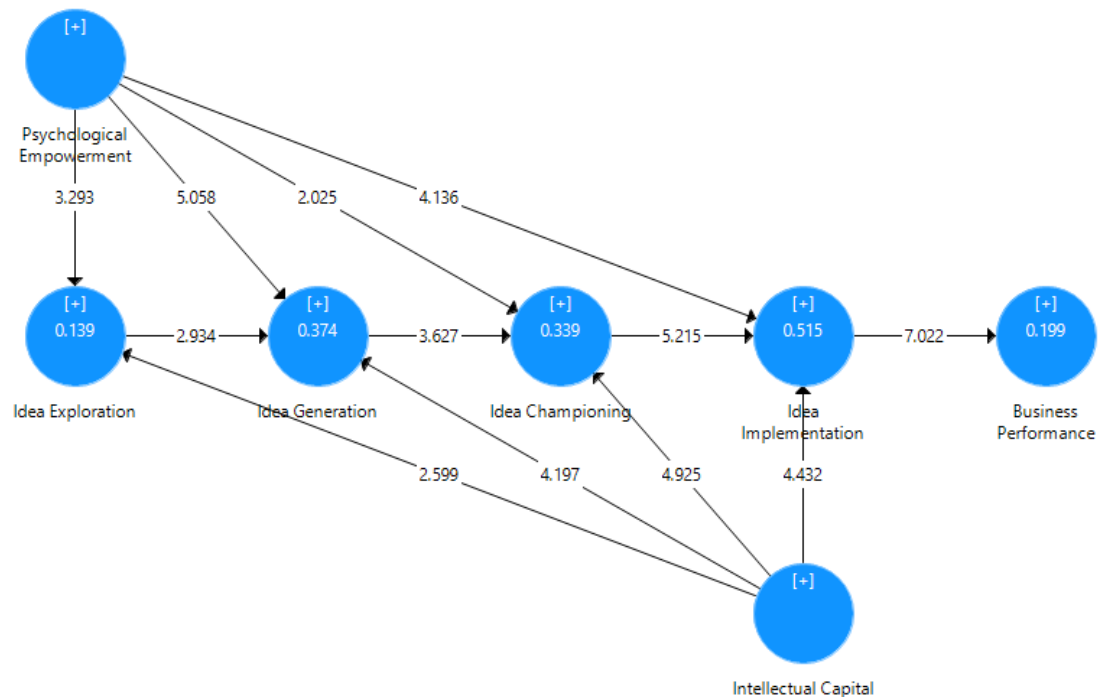


Fig. 2. Result and Finding

## V. DISCUSSION

Psychological empowerment positively affects the exploration of ideas in the workplace. Empowered employees are more likely to actively seek out new and innovative ideas as they have a sense of control over their work and feel motivated to engage in their job (Singh & Sarkar, 2019). This leads to a greater willingness to take risks and explore new ideas (Teng et al., 2020). Empowered employees also feel a stronger sense of ownership over their work and have a desire to contribute to the success of the organization through idea exploration (Safari et al., 2020). They are more likely to engage in creative and innovative thinking, generating new ideas. Psychological empowerment enhances employees' sense of autonomy, competence, and meaningfulness, increasing their motivation to engage in creative problem-solving (García-Juan et al., 2019). Empowered employees are also more likely to experiment with new ideas, leading to a culture of innovation where employees feel comfortable sharing their ideas, ultimately leading to better business outcomes. Empowered employees take ownership of their ideas and advocate for their implementation, promoting and supporting their ideas within the organization (D. K. Gautam & Bhandari Ghimire, 2017). Studies have shown that psychologically empowered employees are more likely to seek out and champion new ideas, as they feel a sense of control and ownership over their work, leading to greater motivation and willingness to take risks (Knol & Van Linge, 2009; Schermuly et al., 2013; Stanescu et al., 2020). Psychological empowerment is a key factor in promoting idea championing within organizations, leading to improved innovation and business performance (Bin Saeed et al., 2019). Empowered employees work towards effectively implementing their ideas, leading to increased motivation, creativity, and willingness to take risks in pursuing innovative ideas. Empowered employees seek out opportunities to implement their ideas and persist in the face of challenges, ultimately promoting a culture of innovation within the organization (Grošelj et al., 2020).

Intellectual capital, which refers to the knowledge, skills, and abilities of employees, can greatly influence idea exploration within an organization (Chatzoglou & Chatzoudes, 2018). Employees with valuable intellectual capital are better equipped to engage in idea exploration, as they are more likely to have the necessary knowledge and expertise to identify and evaluate new and innovative ideas (Ullah et al., 2021). Additionally, employees with strong intellectual capital are more likely to effectively communicate and articulate their ideas to others within the organization, promoting idea sharing and collaboration (Mura et al., 2012; Wang et al., 2022). Overall, intellectual capital can play a crucial role in fostering a culture of innovation and driving successful idea exploration within organizations (Shahzad et al., 2021). Employees with high levels of intellectual capital are often more innovative and creative in their thinking, leading to the generation of new and



valuable ideas (Narzary & Palo, 2021). These employees may have a deep understanding of the industry, market trends, and customer needs, enabling them to develop unique and effective solutions. Moreover, they may have access to a wider range of resources and information, such as research and development tools, that can facilitate idea generation (Pokrovskaja et al., 2021). Furthermore, when employees have access to knowledge and expertise, they are more likely to generate innovative ideas and feel confident in their ability to advocate for those ideas (Sun, 2021). Additionally, a strong intellectual capital base can provide employees with the necessary resources and support to effectively champion their ideas, such as access to funding, technology, and mentorship (Astuti & Anggraini, 2015). Therefore, investing in intellectual capital can be a key factor in promoting idea championing within organizations, leading to improved innovation and business performance. Lastly, organizations with a higher level of intellectual capital, particularly in the areas of human and structural capital, tend to have more resources and expertise to effectively implement new ideas (Khan et al., 2019). Human capital, referring to the knowledge and skills of an organization's employees, can contribute to successful idea implementation through their ability to identify potential challenges and develop effective solutions (Chaithanapat et al., 2022). Structural capital, which includes organizational systems, processes, and technology, can also facilitate the implementation of new ideas by providing the necessary infrastructure and support (Olawajaju & Msomi, 2021). Additionally, intellectual capital can help organizations identify and prioritize the most promising ideas for implementation. By analyzing data and information, organizations with a higher level of intellectual capital can identify market trends, customer needs, and areas of potential growth. This knowledge can be used to guide the selection and implementation of new ideas that are most likely to succeed and have a positive impact on the organization's performance (Afsar et al., 2020; Hughes et al., 2018).

Innovative work behavior can serve as a channel for employees to apply their psychological empowerment into their work practices. In this way, employees who feel psychologically empowered are more likely to exhibit innovative work behavior, which in turn can improve business performance (García-Juan et al., 2019). In the literature, several studies show that innovative work behavior can predict business performance. For example, employees who exhibit higher levels of innovative work behavior tend to generate more creative ideas, which can help improve organizational efficiency and effectiveness (Stanescu et al., 2020). In this regard, the mediating role of innovative work behavior between psychological empowerment and business performance can be important for organizations. In this context, innovative work behavior can serve as a bridge connecting the psychological empowerment experience of employees and the expected business performance outcomes by the organization (Schermuly et al., 2013; Singh & Sarkar, 2019). Furthermore, this study shows that innovative work behavior has not yet been able to mediate the effect of intellectual capital on business performance. However, the relationship between intellectual capital and business performance may not be fully mediated by innovative work behavior. Intellectual capital can directly contribute to business performance by improving efficiency, reducing costs, and enhancing innovation capabilities (Banmairuoy et al., 2022). While innovative work behavior can play a role in translating intellectual capital into business performance, it may not be the only factor at play (Tsai & Huang, 2020). Other factors, such as market conditions, industry trends, and leadership practices, may also influence the relationship between intellectual capital and business performance (Munir & Beh, 2019). Therefore, while innovative work behavior is an important aspect of organizational performance, it may not be sufficient to fully mediate the relationship between intellectual capital and business performance.

## VI. CONCLUSION AND RECOMMENDATION

Psychological empowerment and intellectual capital are both important factors that can influence idea exploration and innovation within organizations. Psychological empowerment can promote a sense of autonomy, competence, and meaningfulness among employees, leading to a greater willingness to take risks and explore new ideas. Meanwhile, intellectual capital can provide employees with the necessary knowledge, skills, and resources to effectively engage in idea exploration and implementation. Innovative work behavior can serve as a channel for employees to apply their psychological empowerment into their work practices, which can improve business performance. However, innovative work behavior may not fully mediate the relationship between intellectual capital and business performance. Other factors such as market conditions, industry trends, and leadership practices may also influence the relationship between intellectual capital and business performance.

Based on these findings, organizations should invest in both psychological empowerment and intellectual capital to promote a culture of innovation and drive business performance. This can be achieved by providing employees with opportunities for skill development, training, and access to resources such as technology and mentorship. Leaders should also promote a supportive and collaborative work environment that encourages

employees to share their ideas and take risks. Moreover, organizations should consider the different dimensions of intellectual capital, such as human and structural capital, and focus on building a strong intellectual capital base that can facilitate idea exploration and implementation. Organizations can also prioritize the selection and implementation of the most promising ideas by analyzing data and information to identify market trends, customer needs, and areas of potential growth.

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