

## COMPLETION REPORT

### **Leadership and innovative behavior: A moderated mediation model of innovative self-efficacy, resilience and innovative climate**

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The study on innovative behaviour of Japanese information technology and communications (ICT) companies professionals has so far yielded two reports: The first, a 5,000-word report “*Fostering Innovative Performance in Japan: A Preliminary Project Report to Participating Companies*”, and the second, a 6,000-word academic report, “*Psychological capital, transformational leadership and employee innovative behaviour: A study of Japanese IT and communications professionals*”. The first report, together with an executive summary translated into Japanese, has been submitted to the five companies we interviewed for reference; and the second academic report will be submitted to the next Academy of International Business conference, which has a deadline of November 15, 2016. The first report was written using the interview data collected in our first visit to Tokyo. The key findings are:

1. Effective communication (downward with employees, upward with bosses, lateral with peers; within team, between teams, with other stakeholders and across technology fields) is a common concern across all companies.
2. Continuous innovation requires continuous learning and stimulation. To this end, open and free knowledge sharing among co-workers and outside professionals is critical. Improvement in English skills is essential to further learning.
3. ICT Professionals are motivated not only by team rewards and other team-based extrinsic factors, but also by individualized rewards and recognition.
4. A dynamic, pro-innovation, and pro-diversity corporate culture is the environment which professionals find stimulating. It also serves as a firm’s competitive advantage to recruit talent.
5. Transformational leaders are effective in promoting innovation. They provide vision and support to their members, secure the needed resources, and encourage risk taking.

The second report was compiled with the survey data collected from subordinates of a variety of ICT companies based in Tokyo. In that study, we hypothesized that (1) Psychological capital (PsyCap) positively influences innovative behavior; (2) Transformational leadership positively influences innovative behavior; (3) PsyCap mediates the relationship between transformational leadership and innovative behavior. Our analysis supports Hypotheses 1 and 3 but not 2.

As predicted, PsyCap did a play positive role in employee innovative behavior, both as an independent variable and as a mediator. The interesting finding in this study is related to transformational leadership. As discussed in the literature review in the report, the relationship between transformational leadership and innovative behavior has not been conclusive. Our study adds to the inconclusiveness. Our findings indicate that there was no direct effect but only a significant indirect (i.e. mediating via PsyCap) effect between transformational leadership and innovation behavior. Furthermore, these two variables were not significantly correlated.

The absence of a direct effect in the presence of an indirect effect could mean there are negative indirect effects left out from the model. The negative indirect effects left out could have offset the positive indirect effect, resulting a non-significant correlation between transformational leadership and innovative behavior. As discussed in the literature review, transformational leadership could create dependency among followers, disabling them from taking innovative initiatives. Therefore, dependency could be the mediator that brings about negative mediation. We recommend future studies look into the negative indirect effect of dependency of transformational leadership on employee innovative behavior.

Given the above findings, it is clear that PsyCap is an important psychological resource that employees can draw upon to produce innovative performance. Knowing this, leaders could aim at developing subordinates' PsyCap through their transformational leadership behavior. This is of particular importance to Japanese who, relative to Americans or Chinese, have higher fear of failure, and uncertainty avoidance. Removing subordinates from worrying of failure and enhancing their confidence will likely help them overcome their innate fear and thereby strengthening individual innovative performance.

#### Publication of the Results of Research Project:

Verbal Presentation (Date, Venue, Name of Conference, Title of Presentation, Presenter, etc.)

My collaborator and I intend to submit the academic report to the Academy of International Business Annual Meeting (the top academic conference in international business and management) which has a deadline in mid-November, 2016. The conference will be held in late June, 2017, and the results for acceptance of paper will be announced sometime in March/April. We will submit the second report by 30 April, 2017.

Thesis (Name of Journal and its Date, Title and Author of Thesis, etc.)

My collaborator and I intend to submit the finalized academic paper to an academic journal for publication. As the reviewing process lasts long, we will be able to provide an update on this by 30 September, 2017.

Book (Publisher and Date of the Book, Title and Author of the Book, etc.)

We do not intend to write a book on our findings.