

A Proposed Modeling Framework on Innovative Work Behavior among Employees in the Malaysian Islamic Banking Industry

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Abstract

Responsible innovation has gained public interest in the Islamic banking industry in Malaysia. The study makes an effort to propose a modeling framework on factors affecting innovative work behavior among employees in the Malaysian Islamic banking industry. The proposed modelling framework will be based on previous literatures and the underpinning theories related to innovative work behavior. Based on the existing gaps, we propose two independent variables (i.e. Transformational leadership & personality) and a mediating variable (job satisfaction). In this study, five hypotheses are developed to determine the relationship between innovative work behavior and the determinant factors. Based on this framework, a pilot study will be conducted to test the validity and reliability of the model proposed. We expect the results to be consistent with previous research.

Keywords: Islamic Banking, Innovative Work Behavior, Transformational Leadership, Personality, Job Satisfaction

1. Introduction

It is difficult to ignore the innovation as it plays a critical role in sustainability as well as growth (Niu, 2014). Many organizations confront challenges to be proactive nowadays. Innovation is the product of the human mind by thinking outside the box (Nurita, Fatimah & Rammilah, 2015; Kanter, 1988) and the result of the employee's ability to sense new opportunities and change (Schumacher, 2009). Therefore, the employees' ability to innovate is implied through their innovative work behavior.

Banking services become wealth creation in which the industrial players significantly contribute to the economic expansion (Belias & Koustelious, 2014). Rajshekhar (Raj) G. Javalgi, Gross, Joseph and Cleveland (2011) identified banking services as part of knowledge-intensive business services (KIBS) which necessitates highly skilled and knowledgeable employees. KIBS engage in the formation and dissemination of knowledge in delivering products to the customers. The country is also known as one of the six rapid growth markets (besides Qatar, Indonesia, Saudi Arabia, UAE and Turkey) that contributes towards internationalization of the world's Islamic banking industry (Ernst & Young, 2013, 6).

To remain innovativeness, banks need highly potential employees who are capable to engender excellent work performance constantly. Highly potential employees are expected to be able to sense opportunity and changes (Schumacher, 2009; De Jong & Den Hartog, 2010). With such ability, the employees would be able to conduct innovative work behavior that eventually yielding innovative output in responding to the customers' expectation. (Drucker, 1985, De Jong & Den Hartog, 2010). Through innovative work behavior, the Islamic banking industry would be able to offer more innovative Syariah-compliant products.

In 1959, the creative idea to establish Tabung Haji (Pilgrim Fund), presented by Royal Professor Ungku Aziz, has proven to be success which was aimed to create Syariah compliant saving fund for Malaysian Muslims to perform pilgrimage. The success of Tabung Haji inspired the Malaysian Government to initiate the first Islamic bank in 1983, known as Bank Islam Malaysia Berhad (BIMB). BIMB was greatly received by the Malaysians, as the result, the Islamic banking industry has witnessed tremendous growth with the establishment of other 15 commercial banks by the end of 2014 (Bank Negara Malaysia, 2014). It is expected the country's market share will increase up to 40% by 2020. Among the explanations for the strong growth illustrated by the industry has been the increasing awareness and demand for ethical and Shariah-compliant financial products. As the result, Islamic banks need to increase product innovation through the behavior of highly potential employees (Nurita et al, 2015; Syed Awais, 2014).

Despite its continuous growth, Islamic banks were reported to be reluctant from providing innovative products that truly fulfil the maqasid of al-Syariah (the objective of Islamic Ruling) (Habib, 2011). Responsible innovation has gained great emphasis in the industry particularly in achieving the maqasid (Laldin & Furqani, 2013). Most banks simply adopt duplication technique in introducing new products since because they want to avoid high risk. This on-going problem stems from lack of research that critically analyze for the practical products. Islamic banks also suffer lower profits by 19 percent compared to the conventional due to the high cost incurred (Ernst & Young, 2013, 50). There is also challenge for bank employees as Islamic products are more complex and involve multiple transactions with various parties. Moreover, financing charges imposed as profit still burden to the consumers and should be revised in order to attract more consumers to patronize Islamic

banking. Smolo and Hassan (2011) also revealed shariah-compliant product using ideal concepts (i.e. Mudarabah and Musyarakah) found to be less money-making on the bank side. Islamic banks are also found to be less efficient in controlling operating costs compared to the conventional (Farhana, M. Shabri & Rossazana, 2013).

Individual factor contributes most towards innovation unlike other precedents (i.e. Environment and organization) (Yeoh & Rosli, 2013). So far, however, there has been little discussion about innovative work behavior remain scarce in the context of developing countries for KIBS (Yeoh&Rosli, 2013; Rajshekhar (Raj) et al., 2011). Previous studies, mostly focused on employee involvement towards innovation in conventional banking products while the context of Islamic banking is still limited (Syed Awais, 2014). The employee behavior towards innovation is crucial in order to develop products that comply with Shariah requirements as well as truly meet the objectives of Islamic economics (Ernst & Young, 2013, 19; Smolo& Hassan, 2011, Habib, 2011). Consequently, the study of innovative work behavior in Islamic banking is necessary by taking into consideration the existing gaps.

Malaysia has been given responsibility to produce world leaders to be forerunner in the Islamic banking industry (Ernst & Young, 2013, 4). The right leaders are essential for the transformation of the global Islamic banking industry with the agenda of producing responsible, innovative products that support long-term economic objectives of Islam. Talent development has been given concern in transformational leadership (Bass & Avolio, 1995) and in the Islamic banking industry (Smolo & Hassan, 2011). Conversely, studies on the impact of transformational leadership on employee behavior to innovate still not received particular attention in KIBS particularly in the Islamic banking industry that is being critical to the growth and competitiveness (Bilal et al., 2014; Rajshekhar (Raj) Javalgi G. et al., 2011; Belias & Koustelious, 2014). Therefore, study of the impact of transformational leadership on innovative work behavior should also be further conducted in the context of developing countries (Naim, Raed & Yun, 2012).

Personality has significant impact on one behavior. However, a number of studies show that significant differences do exist, albeit findings are somewhat contradictory. For example, Niu (2014) and Patterson, Kerrin, and Gatto-Roissard, (2009) found that the traits of extraversion, agreeableness and openness to experience have significant impacts on innovative work behavior. In contrast, Yesil and Sozibilir (2013) shows that only one dimension, i.e. openness to experience, has significant impact on such behavior. Therefore, this study should further be conducted to verify the impacts of the big five personality dimensions on the innovative work behavior.

Personality of employee produces significant impact on one emotion towards the job. However, in the context of Asia, there are mixed findings regarding the impact of certain personality dimensions on the employee's job satisfaction. For example, Templer (2012) found the traits of extraversion, conscientiousness, agreeableness and emotional stability significantly contribute to greater job satisfaction. Whilst, Cheng-Liang and Mark (2014) revealed that only people with high score in extraversion particularly have higher job satisfaction. Consequently, this gap needs to be addressed in this study in order to order to achieve credible conclusion.

Since the world financial crisis in 2008, many researchers have given greater attention to the banking industry, particularly in the field of institutional function and employees' wellbeing (Belias&Koustelious, 2014). During the uncertain phase, there is tendency for bank employees to portray destructive and misunderstood manners, employee turnover and customers' frustration. Nonetheless, Norudin, Jannah Munirah and Nik Fakrulhazri (2012) realized that the study on job satisfaction in the banking industry could be emphasized due to not much has been considered within the context of Malaysia. Hussain, Yunus, Ishak and Daud (2013) also revealed that stiff working procedure created dissatisfaction among generation Y (Gen yers) nowadays due to the fact that such procedure impede their creativity. Gen Yers have been the most important asset to the nation as their ability to bring the nation's competitiveness in the future through innovative work behavior. Therefore, the issue of job satisfaction needs to be properly addressed; or else, the problem would lead to customers' satisfaction. (Heskett, Sasser & Schlesinger, 1997). Previous evidences suggest that job satisfaction has mediating impact on the human behavior (e.g. Lisa, 2010; Spagnoli & Caetano, 2012).

The contribution of this study is obvious as the resulting outcomes can be capitalized as guidelines to the Islamic banking industry. Firstly, it mainly focus on the model development based on the problem statement which is valid and reliable in the context of Islamic banking industry. Secondly, the study will examine the model effectiveness by taking into consideration personality, transformational leadership and personality. Thirdly, the study will attempt to enhance its methodology by considering Structural Equation Modeling (SEM). Forthly, the study will provide detailed explanation on the issue of innovative work behavior by concerning the impacts of transformational leadership, personality and job satisfaction. Lastly, the study is expected to propose the alternate solution to the innovative work behavior in the Islamic banking context.

This paper attempts to examine the relationship between innovative work behavior and transformational leadership, personality and job satisfaction. Transformational leadership and personality will be employed as independent variables while job satisfaction is used as mediating variable. The paper is structured

as follows. The subsequent section will focus on the literature review followed by underpinning theories related to innovative work behavior in Section 3. Section 4 presents the modelling framework and hypothesis development. The methodology will be discussed in Section 5 and Section 6 concludes.

2. Literature Review

2.1 Innovative Work Behavior

Employees in the Islamic banking industry need to have the ability to innovate as this would lead to truly meet the Maqasid of Syariah. Previous literatures (e.g. Habib, 2011; Smolo & Hassan, 2011; Laldin & Fursgani, 2013) strongly give emphasis on the creativity in order to answer the call for social responsibility in the Islamic point of view. By being innovative, also, they would have greater competency on how wealth could be generated in which the competency itself could be learned and practiced for the future organizational benefits (Drucker, 1985).

Innovation involves interconnected series of behavior that taking in collecting explanations, as well as the collection of thoughts (Scott & Bruce, 1994). Creativity should be fostered by the existence of sufficient resources to accomplish any innovative strategies. West and Farr (1989) defined innovative work behavior as an effort by mankind that trigger for “beneficial innovation [to be] produced and introduced, and then applied to all the individual actions in any hierarchy within an organization”. Drawing from West and Farr (1989), this study defines innovative work behavior as efforts towards the development of idea by Islamic banking employees into innovation based on the creativity for the benefits of stakeholders. As suggested by De Jong and Den Hartog (2010), a brief description of each dimension of innovative work behavior is described as follows:-

- i. **Opportunity Exploration.** The starting point for innovation needs to have the existence of opportunity. Drucker (1985) mentioned opportunities exist in seven diverse areas, i.e. unanticipated successes, failures or occasions; differences between ‘what is’ and ‘what should be’; fluctuations in demographics such as taste of preference, fluctuations in perception; work process needs in respond to identified problems; changes prospect in market structures; changes in perception; and new knowledge. In this dimension, idea exploration involves searching to enhance existing products, services as well as work processes or considering them in different means (Kanter, 1988).
- ii. **Idea Generation.** The generation of ideas concern on new products, services or processes, the entry into new markets, improvements in current work processes, or answers to recognized problems (e.g. Kanter, 1988; Yeoh & Rosli, 2013). De Jong and Den Hartog (2010) highlighted the basis of idea generation was the arrangement as well as restructuring of information and current ideas in order to answer problems or to enhance performance. Kanter (1988) mentioned that idea generation would be ideal if problems were addressed from various dimensions.
- iii. **Idea Promotion.** Once a specific idea is generated, organizational member needs to promote the ideas to other co-members. This is because new ideas usually do not appropriate with what is already practiced in the workplace. During this stage, specific employees are responsible to push creative ideas beyond obstructions in the organizational atmosphere and help campaigning innovative ideas. Idea promotion also involves finding support and forming alliances by voicing enthusiasm as well as confidence about the success, being determined, lobbying, as well as hiring the right members into the team.
- iv. **Idea Implementation.** The realization of idea takes place when the employees decided to develop experiment and commercialize a new product, service or work process. The new product, service or work process will be routinized; therefore, modification is considered necessary if it does not meet the expectation (Chan & Amran, 2013). The employees need to be competent to identify the customer needs so that product or service is competitive. The persuasion would be successful only when the education is sufficiently delivered to the customers, particularly on the advantages of addressing problems in a new way (Yeoh, 2013).

2.2 Transformational Leadership

Transformational leadership works in three significant circumstances: (i) promoting employees’ consciousness of the significance of performing their tasks well; (ii) supporting the needs for personal growth and development in the employees; and (iii) inspiring the employees to work for the organizational good. Bass (1985) has expanded the original Burns’ leadership by introducing a formal theory as well as transformational leadership’s model. The model comprised four dimensions: idealized influence, individualized consideration, inspirational motivation, and intellectual stimulation. The study of transformational leadership style in relation to employee’s innovative behavior remains relevant in knowledge intensive business services mainly in banking industry (Rajshekhar (Raj) G. Javalgi et. al., 2011). The followings explain the links between transformational leadership dimensions with innovative work behavior and job satisfaction.

As a ‘role-model’, transformational leader demonstrates his/her confidence in bringing the vision of the organization, provide a direction, determination, trust and emphasize execution. De Jong and Den Hartog (2007) identified the details of leader’s (2014). Through intellectual stimulation, leaders encourage creative and innovative thinking to solve problems by exploratory thinking resulting in creativity and innovation (Bilal et al.,

2014). Subordinates are always trying to question the assumptions given, solving problems and reposition existing things in new ways. The generation of ideas, intellectual stimulation may result for new opportunities for Islamic banks to issue employees new ideas that were previously looked (de Jong & Den Hartog, 2007; Arnold & Loughlin, 2013). The transformational leader identifies the requirements of the employees and make personal guidance and development available for them (e.g. Bilal et al., 2014; Bass, & Avolio, 1985). Javed Iqbal et al. (2012) found that transformational leaders pay attention and treatment of their subordinates for their achievement and personal development. Through individualized consideration, employees will naturally compel to reciprocate the leader's deed through creativity and innovation (Bilal et al., 2014).

Being a role-model, transformational leader influences the subordinates via ethical and responsible business culture (Naim et al., 2012). Clear vision informed by the belief that the leader sets the goal, expresses determination, increases endurance, boosts confidence and emphasizes continuous performance. Sulieman (2011) proved idealized influence to contribute higher intrinsic job satisfaction. Transformational leader inspires subordinates to commit more than their actual ability by emphasizing the work joy. However, inspirational motivation is found not to have any impact on job satisfaction in Malaysia (RM Hanaysha Jalal et al., 2012). This study attempts to fill the identified gaps for better understanding. Intellectual stimulation results a positive impact on job satisfaction (e.g. Negussie & Demissie, 2013; Sulieman, 2011; Yaghoubipoor et al., 2013; Jalal RM et al., 2012; Amin et al., 2013). Supervisors often encourage employees to jointly think of new solutions for the different problems in the workplace. The new idea is seen to increase job satisfaction as it is able to improve working conditions, procedures and interpersonal relations. Subordinates are trying to solve the problem by looking for different perspectives (Naim et al., 2012). The subordinates feel valued for the opportunity to contribute to the organizational growth. Amin et al. (2013) reported intellectual stimulation, rather than solely to challenge existing beliefs and understanding of oneself, but also the views expressed by leaders. Choi et al. (2014) discovered that only individualized consideration has a positive and significant impact on job satisfaction. Individualized consideration makes the leaders become closer and familiar with followers, improves communication and information exchange as well. Nevertheless, Jalal RM et al. (2012) revealed that individualized consideration was negatively related to job satisfaction in public universities in Malaysia. Therefore, further investigation needs to be conducted in order to achieve a credible conclusion.

2.3 Personality

Niu (2014) emphasizes modern organizations needs to hire the right people with right personality traits in order for them enhance the innovative capability. Nonetheless, previous studies related to big five personality dimensions resulted mixed findings on employee's innovative behavior; consequently, further investigation is crucial to verify the personality contributions. Further verification needs to be done particularly within the context of developing countries (Yesil & Sozbilir, 2013). Niu (2014) also revealed significant correlation of idea implementation with personality traits. It is for the need for further investigation of the consequences of the big five personality on innovative work behavior. The followings explain the links between personality dimensions (i.e. Openness to experience, conscientiousness, with innovative work behavior and job satisfaction).

Patterson, Kerrin & Gatto-Roissard (2009) affirmed that openness to experience becomes the most criteria of personality dimensions resulting to inclination for innovation to take place at the workplace. Niu (2014) and Yesil & Sozbilir (2013) both agreed that people with high score in openness to experience should be priority to be employed due to their creativity. Conscientiousness has a positive impact on innovative work behavior particularly in idea implementation (Niu, 2014). Surprisingly, Yesil & Sozbilir (2013) revealed that, however, conscientiousness had no impact on innovative work behavior and their study did not support the previous hypothesized relationship. The employer needs to ensure that their subordinates communicate and intermingle with others - inside and outside the organization. Patterson, Kerrin, & Gatto-Roissard, (2009) supported Kanter (1988) which emphasized that isolation rarely resulted the occurrence of innovation. Therefore, employees definitely need to interact with other individuals, building contacts - hence the importance of communication, articulation, and social networking skills. However, Yesil & Sozbilir (2013) shows no relationship between extraversion with the employee's innovative work behavior. Matzler et al., (2011) supported that agreeableness was linked to the encouragement towards social acceptance with one's work environment, which eventually highly agreeable people required to reciprocate to the surrounding. Nevertheless, Yesil & Sozbilir (2013) showed no positive impact between this dimension with the employee's innovative work behavior. Niu (2014) revealed that agreeableness leads to less capability of innovative idea realization as compared to extraversion and conscientiousness. Emotional stability, the inversion of neuroticism, was described to be the antecedent for work performance (Barrick, Mount, & Judge, 2001). Employees with low scores in neuroticism are usually assigned to innovate in the workplace since the innovation process requires patience in the search for new approaches to the problem solving. Yesil & Sozbilir (2013) showed that neuroticism was not related to individual innovative work behavior.

Shih and Susanto (2011) argued that employees with high score in openness to experience are usually

keen to learn new things and be able to carry out tasks in new techniques. With the strong desire to experience new discoveries, these people are not to be seen in a particular organization for a long time because they feel themselves capable and highly marketable. Conscientiousness was proven to have a significant positive impact on job satisfaction of fair employment and human resources practices which ultimately increases the commitment to the organizational goal (Spagnoli & Caetano, 2012). The employees with high conscientiousness have more opportunities to succeed in a job that leads towards job satisfaction. Employees with high score in extraversion tend to gain greater job satisfaction through exposure on social interaction and experience (Spagnoli & Caetano, 2012; Cheng-Liang & Hwang, 2014; Templer, 2012). Earlier, Spagnoli and Caetano (2012) prove that extrovert employees easily expressed his or her satisfaction of a given task, which ultimately makes them effectively committed. The extroverts frequently communicate with the supervisors with the intention to achieve the desired quality (Niu, 2014). Under the energetic communication, it creates a pleasant working climate and boost job satisfaction among them. People with score in agreeableness usually have better relationship due to their collaboration with supervisors as well as co-workers. Hsieh (2011) found high agreeable person (usually considerate, empathetic, reliable, well-behaved, friendly, and easy going), had higher extrinsic satisfaction, especially in term of relationship among co-workers in a fun way. Employee satisfaction can continue to plunge if he or she fails to stabilize the internal emotion (e.g. Cleare, 2013; Judge et al, 2002; Furnham & Zacherl, 1986). This was supported by the argument by Sarwar et al. (2013) that mentioned employees with high score neuroticism possessed excessive negative thought on the working atmosphere. With skepticism, these people would have the intention to leave (Hertz & Griffiths, 2004). Meanwhile, Cleare (2013) and Judge et al. (2002) found that emotional stability (i.e. The opposite trait of neuroticism) is stronger than other personality traits when associated with overall job satisfaction. They explain that individuals with high emotional stability tend to be satisfied with their jobs since emotional stability is the key to happiness.

2.4 Job Satisfaction

Employee job satisfaction is considered as a significant constituent for organizational success since it eventually triggers customer's satisfaction (Heskett, Sasser & Schlesinger, 1997). According to Hage and Aiken (1967), high commitment will be shown by the employees when they are contented, therefore engaging in more positive behaviors. Timmons and Spinelli (2004) designated people with high score in entrepreneurial behavior are usually have highly creative and innovative. Job satisfaction also has been given the limelight in entrepreneurial behavior and is identified to influence behavior at the workplace (Ng and Feldman, 2011). Entrepreneurial employees will explore for different approaches to enhance the organizational performance, and will likely accept original and extraordinary ideas. Niu (2014) prove that job satisfaction can motivate employee's innovativeness although the innovative behavior is characterized as inborn manner. Highly satisfied employees have tended to acquire knowledge which eventually increase their capabilities in relation to creative thinking as well as better problem solving.

Job satisfaction is proven have significant mediating effect in the previous studies (e.g. Spagnoli & Caetano, 2012; Lisa, 2010). Spagnoli and Caetano (2012) found job satisfaction with HR practices fully mediate the relationship between the openness in thinking and normative commitment; satisfaction with the work itself fully mediate the relationship between conscientiousness and normative commitment. However, Spagnoli and Caetano (2012) does not consider other aspects of job satisfaction such as the work itself, supervision, promotion, co-workers and others. Lisa (2010) found that job satisfaction has a significant mediating effect on the relationship between organizational climates on the intention to quit among employees in the Islamic banks.

3. Underpinning Theories

3.1 Social Exchange Theory

All of the variables in this study are related to the Social Exchange Theory (SET) except for personality which will be discussed later. SET is applied to understand the knowledge of human behavior in the dynamic connection cycle (Homans, 1958). Social exchange was expressed as doings in which at least persons will involve in a tangible or intangible activity that can be either be rewarding or costly (Blau, 1964). Employees gain trust and justice when they receive organizational resources that eventually bring them to conduct innovation (Gumusluoglu, Karakitapoğlu-Aygün & Hirst, 2013). This is due to the fact that employees are in charge to commit more obligation which definitely demands for creativity and innovation. Thus, innovative work behavior in the banking industry is intensified when an employee is given greater responsibility. Bilal et al. (2014) associates transformational leadership with employees' innovative work behavior in selected, highly innovative companies in China. In individualized consideration, employees are inclined to reciprocate previous good deeds of their leader by engendering more creativity and innovation in the organization. Employees become inspirationally motivated towards the transformation by involving in improvement in the current system and procedure based on the identified problems. Transformational leaders create the joy at the workplace by being an innovative role-model towards innovation through intellectual stimulation (De Jong & Den Hartog, 2007). As a

result, the employees' intellect will progressively be inspired by thinking of new things which has not been deliberated earlier. SET was also found to help in understanding the extent of human resource practice influencing employees' job satisfaction (Andreassi, Lawter, Brockerhoff & Rutigliano, 2014). By realizing the commitment given by the organization, the employees are obligated to pay back by those good deeds by giving more commitment through specific behavior.

3.2 Trait Theory

Trait theory asserts that every individual is different from another individual. Therefore, every individual has specific characteristics which can be measured by using bipolar dimension (Goldberg, 1990, Costa & McCrae, 1992). Contemporary studies recognize big five personality (i.e. Openness to experience, conscientiousness, extraversion, agreeableness and neuroticism) as a trait theory which influence one manner, belief as well as social interaction (Costa & McCrae, 1992).

3.3 The Relationship between Trait Theory and Social Exchange Theory

For an individual with low creativity, the commitment of creative leader is essential in enhancing his or her openness to expose to something new (Collins & Cooke, 2013). A subordinate will be more open when his or her supervisor portrays innovative work behavior at the workplace. This argument was supported by De Jong and Den Hartog (2007) by providing a behavioral lists for leaders, which likely to improve employees' innovativeness, which includes innovative role modelling. The leader's creative behavior is the opportunity for employees to learn which eventually the employees portray more creativity. Also, through LMX, the involvement of creative leaders is able to address the problem of individuals with low creativity (Yeoh & Rosli, 2013). High quality of LMX comprises of exchanges of opinions and freedom in decision making (Agarwal, 2014). In order to return the good deeds of leader, employees with low creativity feel obligated to strive enhance his or her creativity in order to portray innovative work behavior for the benefit of the organization.

4. Proposed Modeling Framework

We recommend a modelling framework as per Figure 1. The variables are that we are going to employ are: Transformational Leadership and Personality as independent variables; Job Satisfaction as mediator, and Innovative Work Behavior as the dependent variable.

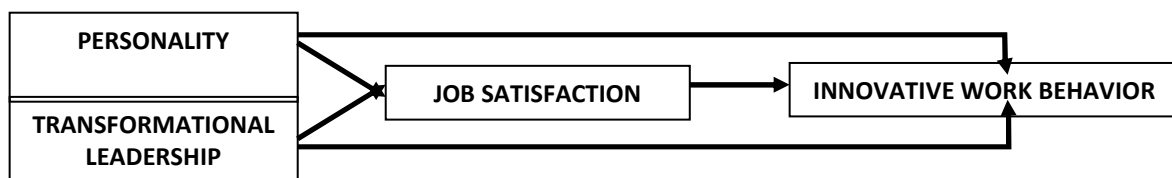


Figure 1: The Proposed Modeling Framework

The hypotheses are as follows:-

H1= There is the significant impact of transformational leadership on innovative work behavior.

H2= There is the significant impact of personality on innovative work behavior.

H3= There is mediating impact of job satisfaction on the relationship between transformational leadership and innovative work behavior.

H4= There is mediating impact of job satisfaction on the relationship between personality and innovative work behavior.

H5= There is the significant impact of job satisfaction on the innovative work behavior.

5. Methodology

5.1 Research Setting

The sample of our study will be drawn from employees by using a cross-sectional survey. The respondents will be from the commercial banks in Peninsular Malaysia legislated under Islamic Financial Service Act 2013 legislated in Malaysia. Under this act, there are 16 Islamic banks are established since 1983. We will collect data from respective for better and deeper understanding of the relationship structure among transformational leadership, personality, job satisfaction and innovative work behavior.

5.2 Sample and Procedure

The unit of analysis in this study is individual level and probability sampling will use as a sampling technique in which stratified sampling is chosen. The purpose is to get information and it has the least bias and offer the most generalize method (Sekaran, 2003). The sample of the population will be bank employees from Islamic banking industry as well as those from conventional counterparts yet supporting Islamic banking activities. Under Islamic

Financial Service Act 2013, Islamic banks in Malaysia are divided into two i.e. local and foreign. Several banks from the two categories will be selected to represent the population. The researchers will approach the employees of the selected banks at headquarter level as well as regional/branch level. At the headquarter level, simple random sampling will be conducted on the employees in the departments of Shariah, product development and others. At the regional or branch level, simple random sampling will be conducted on those involving in the frontline activities.

5.3 Measurement

The researchers developed a structured questionnaire based on previous research related to transformational leadership, personality, job satisfaction and innovative work behavior. A five -point Likert scale ranging from “strongly disagree” “to “strongly agree” is adopted in the questionnaire. The questionnaire will be divided into five sections:

- i. General information. Gender, age, education, working experience, department, Islamic finance, religion.
- ii. Innovative Work Behavior. Measures the innovative work behavior which comprises of opportunity exploration, idea generation, idea promotion and idea implementation. This study will adapt a reliable questionnaire developed by De Jong & Den Hartog (2010) which was inspired by Janssen (2000), Kleysen and Street (2001) and Scott and Bruce (1994).
- iii. Transformational leadership. Measures the perceptions of respondents toward the practice of transformational leadership dimensions (idealized influence, inspirational motivation, intellectual stimulation and individualized consideration) by their managers. This study will adapt a reliable questionnaire developed by Bass and Avolio (1985) in developing the questionnaire items in this variable.
- iv. Personality. Measures the perceptions of respondents of their own personality dimensions (openness to experience, conscientiousness, extraversion, agreeableness and neuroticism). This study will adapt a reliable questionnaire proposed by Saucier (1994) in the Mini-Marker Scale. This study is based on the Big Five Factor Model as the model gained consensus among psychologists (Yesil & Sozbilir, 2013).
- v. Job Satisfaction. Measures the perceptions of respondents of their own job satisfaction. Developed by Weiss, Davis, England and Lofquist (1967), the Minnesota Satisfaction Questionnaire is a twenty-dimension tool for measuring job satisfaction. The short form of MSQ is preferred than long form in view of the fact that it is more user-friendly to the bank employees.

6.0 Conclusion

The Islamic banking landscape has gone through transformation since 1983, which influenced its internal organization as well as external policies. For continuous growth, the industry needs more product innovation due to emerging expectation from the stakeholders. As the awareness rises, bank employees need to put extra effort to enhance their innovativeness. The study proposes a modelling framework to examine the factors affecting of innovative work behavior among employees in the Islamic banking industry in Malaysia. Five hypotheses are developed to test the relationships between dependent (innovative work behavior), independent which are direct variables (transformational leadership, personality) and one mediating variable (job satisfaction). SEM will be used to analyse the data set and to test the hypothesised relationship among dependent, independent and mediating variable. The expected result is targeted to be consistent with previous research and there is certain limitation that could be a challenge to the research success.

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