

The Effect of Empowering Leadership on Employee Engagement, Knowledge Sharing, and Innovative Behavior of Private Banking HRD Employees in Indonesia

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ABSTRACT

Management strategies and leadership models significantly influence employee performance and productivity in the banking sector, where competent human resources are vital for organizational stability and growth. Although empowering leadership is recognized as effective in-service industries, less is known about its influence on HRD employees in private banking, especially regarding mediating roles of employee engagement and knowledge sharing. This study investigates the role of empowering leadership in enhancing employee engagement, knowledge sharing, and innovative behavior among HRD employees in Indonesian private banks. Using a quantitative approach, data were collected via purposive sampling from 175 HRD employees in Indonesian private banks. Structural Equation Modeling (SEM) with SmartPLS 4.0 tested hypotheses and mediation effects. Empowering leadership positively affects employee engagement ($t = 8.388$, $p < 0.001$) and innovative behavior ($t = 7.762$, $p < 0.001$). Knowledge sharing positively influences innovative behavior ($t = 4.917$, $p < 0.001$), and employee engagement enhances knowledge sharing ($t = 16.826$, $p < 0.001$). However, empowering leadership does not directly impact knowledge sharing ($t = 1.083$, $p = 0.279$) without the mediation of employee engagement. The findings reveal sequential mediation whereby empowering leadership promotes innovative behavior through employee engagement and knowledge sharing. Implementing empowering leadership fosters recognition, emotional support, and career development, enhancing employee engagement and motivating knowledge sharing, thereby supporting creativity and innovation in banking institutions.

Keywords: Empowering Leadership, Employee Engagement, Innovative Behavior, Knowledge Sharing

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INTRODUCTION

The banking industry is a crucial sector in a country's economy. Banks play a vital role in managing public funds, providing credit services, and supporting business and investment activities. Amidst the ever-changing dynamics of the global economy, the banking industry is required to continuously innovate and improve operational efficiency. This makes human resources (HR) a crucial asset in maintaining the stability and growth of the banking industry (Berger, 2003). The role of the Human Resource Department (HRD) is becoming increasingly essential as a key driver in managing and developing quality human resources to support the strategic needs of the banking industry. In an era of increasingly fierce competition, banking companies must not only retain but also improve the quality of their human resources through various effective management strategies. Research on HRD employees in the banking industry is crucial to understanding how management and leadership strategies can impact employee performance and productivity (Wright & McMahan, 2011).

Many leadership models are implemented in various companies, but the Empowering Leadership (EL) model is considered the most effective and suitable for service-based industries (Boukis et al., 2020). Employee Engagement (EE) is a crucial variable in the context of HR management. EL empowers employees to assume responsibility and motivates them to actively participate. This responsibility contributes to employee engagement (Zhu et al., 2019).

Employees who feel a sense of connection to the company tend to be more motivated, have strong loyalty, and contribute maximally. In the competitive banking industry, high levels of employee engagement can be a driver of competitive advantage (Bakker & Demerouti, 2008). Employee engagement demonstrates that each employee significantly contributes to the organization's work (Anindita & Rheinhard, 2023). EL, which influences employee engagement, can encourage innovative behavior during work (Wihuda et al., 2017).

Empowering leadership can be a catalyst for encouraging innovative behavior (Xue et al., 2011). As business competition becomes increasingly complex, innovative behavior (IB) is considered crucial because it can create customer satisfaction and loyalty, as well as strengthen an organization's competitive advantage (Kaya & Karatepe, 2020). Employees with innovative behavior tend to be more proactive in seeking new solutions and adapting to change. Innovative Behavior (IB) refers to employee initiative in introducing new processes, new products, new markets, or a combination of this knowledge into an organization (Elidemir et al., 2020). This necessitates knowledge management for the continuity and success of international business (Ali et al., 2019). One component of knowledge management is knowledge sharing (KS). In the banking industry, knowledge and information are valuable assets that must be managed effectively. Through knowledge sharing, employees can share information, experiences, and best practices, which in turn can increase efficiency and innovation. Research by Ye et al. (2022) shows that KS is an asset that must be maintained and fostered by leaders because it plays a crucial role in enhancing IB.

Previous research has explored the relationships between empowering leadership, employee engagement, innovative behavior, and knowledge sharing. Empowering leadership increases employee engagement (Gyu, 2017; Rescalvo et al., 2021; Zhou et al., 2018; Huertas et al., 2018; Wihuda et al., 2017; Lee et al., 2018), innovative behavior (Jabid et al., 2023; Riaz et al., 2021; Zhu et al., 2019; Chiang & Chen, 2022; Joo et al., 2023; Avolio et al., 2014), and knowledge sharing (Jabid et al., 2023; Hendryadi et al., 2019; Xue et al., 2011; Tung, 2014; Srivastava et al., 2006; Joo et al., 2023). Employee engagement positively influences knowledge sharing (Juan et al., 2018; Sun & Cui, 2014; Joo et al., 2023; Saks, 2006). Knowledge sharing positively influences innovative behavior (Jabid et al., 2023; Ye et al., 2022; Vandavasi et al., 2020; Munir & Beh, 2019; Abukhait et al., 2019; Mustika et al., 2020; Kim & Lee, 2013; Suhana et al., 2019; Lai et al., 2016). Knowledge sharing mediates the relationship between empowering leadership and innovative behavior (Jabid et al., 2023; Srivastava et al., 2006; Arsawan et al., 2022; Kaya & Karatepe, 2020; Joo et al., 2023; Nan & Arunyaphum, 2021). However, these studies only examined the significant role of empowering leadership for organizations, affecting employees in general, not specific divisions. One gap in the study by Jabid et al. (2023) is that it did not address the influence of EL on employee engagement, which suggests that employee engagement can influence knowledge sharing among employees. Therefore, this study adds an employee engagement variable. While numerous studies have explored EL, research on EL among HRD employees in the banking industry remains limited. Hence, research on Empowering Leadership in the banking industry is needed.

The research gap specifically lies in the absence of comprehensive studies examining how empowering leadership influences HRD employees' behaviors through complex mediation pathways in Indonesian banking contexts. While previous research has established

direct relationships between empowering leadership and various outcome variables, there is limited understanding of how employee engagement serves as a crucial mediator in the empowering leadership–knowledge sharing relationship, particularly in professional service environments. Additionally, the sequential mediation effects of employee engagement and knowledge sharing in the empowering leadership–innovative behavior relationship have not been thoroughly investigated in HRD-specific contexts within the Indonesian banking industry.

The novelty of this research lies in its comprehensive examination of sequential mediation effects in the relationship between empowering leadership and innovative behavior, specifically focusing on HRD employees in Indonesian private banking institutions. Unlike previous studies that examined these relationships in isolation or in general organizational contexts, this research provides a holistic model that explains how empowering leadership influences innovative behavior through the sequential mediation of employee engagement and knowledge sharing in a specialized professional environment. The study's focus on HRD employees in banking represents a unique contribution to understanding leadership effectiveness in knowledge-intensive professional roles.

The research problem addressed in this study centers on the limited understanding of how empowering leadership specifically influences HRD employees' behavioral outcomes in Indonesian private banking contexts. While empowering leadership has been extensively studied in general organizational settings, there remains insufficient empirical evidence regarding its effectiveness in specialized roles such as HRD functions within the banking industry. Furthermore, the complex relationships between empowering leadership, employee engagement, knowledge sharing, and innovative behavior require deeper investigation, particularly regarding the mediating mechanisms that explain how these variables interact sequentially to produce organizational outcomes.

The urgency of this research stems from the rapidly evolving banking industry landscape in Indonesia, characterized by digital transformation, increased competition, and regulatory changes that demand innovative human resource management approaches. Banking institutions face unprecedented challenges in attracting, retaining, and developing talent, making the role of HRD employees critical for organizational success. With the industry's emphasis on innovation and service excellence, understanding how leadership styles can enhance employee behaviors that drive competitive advantage becomes essential for sustainable business performance and market positioning.

The purpose of this study is to provide a comprehensive understanding of how empowering leadership can increase employee engagement, encourage knowledge sharing, and facilitate innovative behavior among HRD employees in the banking industry. This research is expected to contribute knowledge and practical recommendations for banking management in developing effective and sustainable leadership strategies.

The benefits of this research include providing evidence-based insights for banking executives and HRD managers to develop effective leadership development programs, offering theoretical contributions to empowering leadership literature in professional service contexts, supporting the design of employee engagement and knowledge management initiatives, informing human capital strategy development in Indonesian banking institutions, and contributing to the broader understanding of leadership effectiveness in knowledge-intensive professional environments. The practical implications extend to organizational development

practitioners, leadership training providers, and policymakers in the financial services sector seeking to enhance human resource management effectiveness through evidence-based leadership approaches.

METHOD

This research employed a quantitative research methodology using a cross-sectional survey design to investigate the relationships between empowering leadership, employee engagement, knowledge sharing, and innovative behavior among HRD employees in Indonesian private banking institutions. The study population comprised HRD employees from the private banking industry in Indonesia, both permanent and contractual, from PT Bank Maybank Indonesia, PT Bank Raya Indonesia, and PT Bank CIMB. The sample was drawn using a purposive sampling method, with 175 respondents, obtained from a total of 35 questions multiplied by 5, as per the method (Hair et al., 2014). Data were collected by distributing a survey via Google Forms questionnaire. The measurement scale used a Likert scale ranging from 1 to 5 (1 being "strongly disagree" and 5 being "strongly agree").

The variables studied in this study were adapted from previous research. The Empowering Leadership (EL) variable was evaluated using five questions adapted from Rescalvo et al. (2022), while the employee engagement variable was measured using eighteen questions adapted from Schaufeli et al. (2000). The knowledge sharing variable was measured using six questions from Pian et al. (2019), and the innovative behavior variable was evaluated using six questions (Pian et al., 2019). Data was collected over a one-month period in July 2024.

This research is a quantitative study using the Structural Equation Model (SEM) method, with data processing and analysis using software. The researchers tested the validity and reliability of the pre-test data using factor analysis using SPSS 30.0. The research data was then processed using the SmartPLS 4.0 application. The testing consisted of three stages: the first stage was the evaluation of the measurement model (outer model), where the variable measurement model was tested to ensure its validity and reliability. The second stage was the evaluation of the structural model (inner model), where the relationships between the variables within the model were tested to determine the extent to which the model explained the relationships between the variables. The final stage was the evaluation of the model's goodness of fit, where the overall model was evaluated to determine the extent to which it fit the available data.

In the evaluation of the measurement model (outer model), the outer loading or loading factor value was used to assess the level of validity of the items in measuring a variable. The recommended minimum value for the outer loading or loading factor is 0.70. Average Variance Extracted (AVE) is used to measure the convergent validity of a construct with a minimum value of 0.50. Discriminant validity through the Fornell and Lacker Criterion is considered good if the AVE root of a construct is greater than the correlation between variables, with a criterion value above 0.70. Composite Reliability (CR) serves as an indicator of the overall reliability of a variable, with a minimum recommended value for CR and Cronbach's Alpha of 0.70 (Leguina, 2015). Furthermore, in the analysis of the structural model (inner model), the main objective is to describe the relationship between latent variables. The statistical significance of the path in SEM-PLS is tested using the bootstrapping method, with the criteria

of a t-statistic value greater than 1.96 and a p-value less than 0.05. In addition, measurements are made based on the R-square (R^2) value which is classified as low (0.19), moderate (0.33), and high (0.67). Meanwhile, the F-square value indicates the magnitude of the effect with large (0.35), medium (0.15), and small (0.02) categories (Savitri et al., 2014). To evaluate model fit, the Goodness of Fit value is considered, including the Standardized Root Mean Square Residual (SRMR) with a value criterion below 0.08 indicating model fit (Hair et al., 2019). Finally, Predictive Relevance (Q^2) is used to measure the predictive ability of the model with a value category of > 0 low, > 0.25 medium, and > 0.50 high.

RESULTS AND DISCUSSION

Based on pretest data from 30 respondents, the validity and reliability test results using SPSS 30.0 software showed that the Empowering Leadership (EL) variable had a Cronbach's alpha value of $0.872 > 0.6$ and a KMO value of $0.803 > 0.5$, thus valid. The employee engagement variable had a Cronbach's alpha value of $0.963 > 0.6$ and a KMO value of $0.816 > 0.5$, thus valid. Similarly, the innovative behavior variable had a Cronbach's alpha value of $0.898 > 0.6$ and a KMO value of $0.795 > 0.5$, thus valid. The knowledge sharing variable was also declared valid, with a Cronbach's alpha value of $0.891 > 0.6$ and a KMO value of $0.666 > 0.5$.

Furthermore, the research data from the 175 questionnaire respondents distributed included 67% female and 33% male. The research findings from 175 respondents, comprising HRD employees working in the private banking industry, showed that the majority of respondents (143 people) were aged 27-35. Based on residential category, the majority of respondents (138 people) lived on the island of Java. In terms of educational level, the majority of respondents (125 people) had bachelor's degrees (S1). In terms of marital status, 97 respondents (55%) were married, while 77 respondents (44%) were single.

This was followed by testing using SmartPLS 4.0, a measurement model test, also known as an outer model, conducted before hypothesis testing. The test was conducted according to recommendations from Hair et al. (2019), which required a loading factor value of ≥ 0.70 . SEM PLS measurements showed that the loading factor for the empowering leadership indicator ranged from 0.853 to 0.905. Employee engagement indicators are 0.721 - 0.822. Innovative behavior indicators are 0.784 - 0.864. Knowledge sharing indicators are 0.812 - 0.864. Therefore, it can be concluded that the construct validity in this study is valid because it has a loading factor ≥ 0.7 . According to (Leguina, 2015), the required composite reliability (CR) calculation results are ≥ 0.70 ; Cronbach's alpha (CA) ≥ 0.70 and average variance extracted (AVE) is ≥ 0.5 . The results of the composite reliability, Cronbach's alpha, and AVE calculations for the empowering leadership variable (CR = 0.912; CA = 0.855; AVE = 0.776), employee engagement variable (CR = 0.957; CA = 0.952; AVE = 0.582), and knowledge sharing variable (CR = 0.906; CA = 0.862; AVE = 0.708). This indicates that the CR, CA, and AVE calculations in this study can be said to have met the requirements.

Discriminant validity was evaluated using the Fornell and Larcker criteria and the Heterotrait Monotrait Ratio (HTMT), which was < 0.90 (Savitri et al., 2014). Discriminant validity is a form of evaluation to ensure that variables are theoretically distinct and empirically proven. The Fornell and Larcker criterion states that the square root of a variable's AVE is

greater than the correlation between the variables. The empowering leadership variable has a root AVE value of 0.881, which is more correlated with employee engagement (0.703), and has a greater correlation with knowledge sharing (0.548), and has a greater correlation with innovative behavior (0.760). The employee engagement variable has a root AVE value of 0.820, which is more correlated with empowering leadership (0.703) and knowledge sharing (0.763), and has a greater correlation with innovative behavior (0.769). The knowledge sharing variable has a root AVE value of (0.841), which is more correlated with empowering leadership (0.548) and employee engagement (0.763), and has a greater correlation with innovative behavior (0.656). The innovative behavior variable has a root AVE value of 0.826, which is more correlated with empowering leadership (0.760), and employee engagement (0.769), and has a greater correlation with knowledge sharing (0.656). The results show that the discriminant validity of the four variables is met. Furthermore, Hair et al. (2019) recommends HTMT as a measure of discriminant validity because it is considered more sensitive and accurate. The recommended value is <0.90 . The test results in this study indicate that the HTMT value for the empowering leadership variable, consisting of 5 statements, is declared valid, 3 are declared valid, the employee engagement variable, consisting of 18 questions, is declared valid, 4 are declared valid, and the innovative behavior variable, consisting of 6 questions, is declared valid. Further information on construct validity and reliability testing can be seen in Appendix 7. Table 13.

Next is the f-square value. According to Savitri et al. (2014), an f-square value is interpreted as 0.02 being low; 0.15 being moderate; and 0.35 being high. Based on the results of the Effect Size (f-square) test in the study, it can be seen that empowering leadership has a high influence on employee engagement levels, with an f-square value of 0.978. Meanwhile, the empowering leadership variable has no effect on knowledge sharing, with an f-square value of 0.005. Furthermore, empowering leadership also has a strong influence on innovative behavior, with an f-square value of 0.673. Similarly, the employee engagement variable has a high influence on knowledge sharing, with an f-square value of 1.146. Furthermore, the knowledge sharing variable has a moderate influence on innovative behavior, with an f-square value of 0.241.

Based on this, the model explanation is as follows:

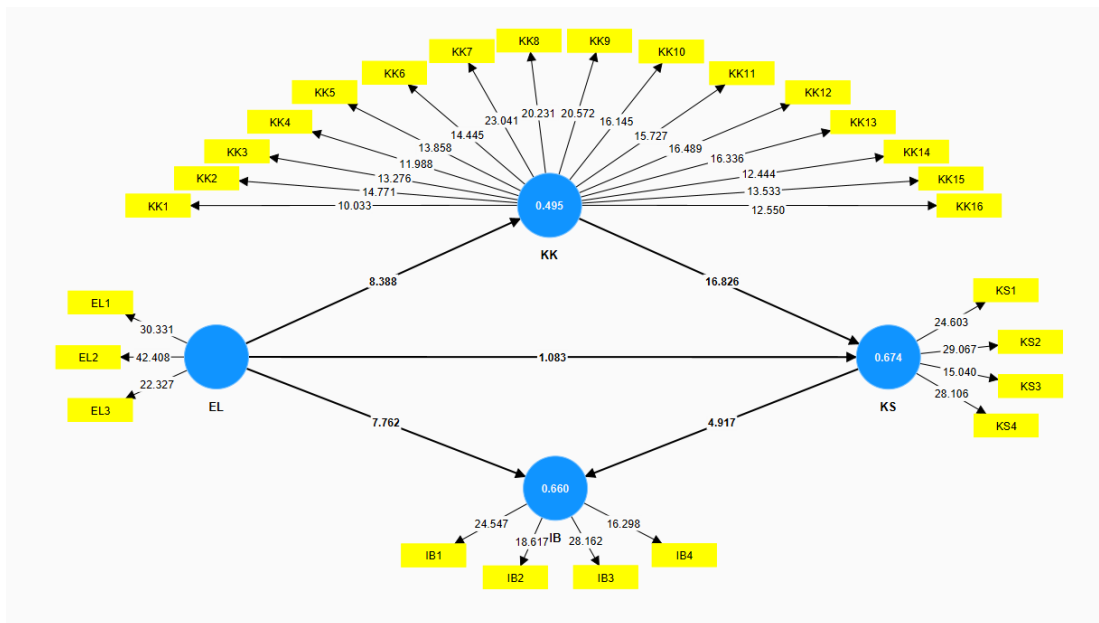


Figure 1. PLS-SEM Output Display

The next step is to conduct a path coefficient test to determine the direction of the hypothesis being studied.

The results of the path coefficient test can be seen in Table 1 below:

Table 1. Results of the Research Model Hypothesis Test

Hypothesis	Hypothesis Statement	T Statistics (≥ 1.96)	P Values (≤ 0.05)	Conclusion
H1	Empowering Leadership has a positive effect on Employee Engagement	8.388	0.000	Data supports the hypothesis
H2	Empowering Leadership has a positive effect on Knowledge Sharing	1.083	0.279	Data does not support the hypothesis
H3	Empowering Leadership has a positive effect on Innovative Behavior	7.762	0.000	Data supports the hypothesis
H4	Knowledge Sharing has a positive effect on Innovative Behavior	4.917	0.000	Data supports the hypothesis
H5	Employee Engagement has a positive effect on Knowledge Sharing	16.826	0.000	Data supports the hypothesis
H6	Knowledge Sharing Mediates the Relationship Between Empowering Leadership and Innovative Behavior	1.123	0.261	Data does not support the hypothesis

The table above shows that the empowering leadership variable on employee engagement has a t-statistic value of $8.388 > 1.96$ and a p-value of $0.000 < 0.05$, meaning the data supports the hypothesis. The test results of the empowering leadership variable on knowledge sharing have a value of $1.083 < 1.96$ for t-statistics and $0.279 > 0.05$ for p-values, meaning the data does not support the hypothesis. The test results of the empowering leadership variable on innovative behavior have a value of $7.762 > 1.96$ for t-statistics and $0.000 < 0.05$

for p-values, meaning the data supports the hypothesis. The test results of the knowledge sharing variable on innovative behavior have a value of $4.917 > 1.96$ for t-statistics and $0.001 < 0.05$ for p-values, meaning the data supports the hypothesis. The test results for the employee engagement variable regarding knowledge sharing yielded a t-statistic of $16.826 > 1.96$ and a p-value of $0.000 < 0.05$, indicating that the data support the hypothesis. The next step was to determine the mediating effect of knowledge sharing on empowering leadership and innovative behavior. Testing H5 yielded a t-statistic of $1.123 < 1.96$, or a p-value of $0.261 > 0.05$, indicating that the data did not support the hypothesis.

Discussion

Based on the above research results, it is clear that there is a positive relationship between empowering leadership and employee engagement. This relationship is categorized as strong. This means that the stronger the empowering leadership implemented in the workplace, the greater the engagement of HRD employees in the private banking industry. The more frequently leaders entrust their subordinates with responsibility, the more likely they are to motivate and increase employee enthusiasm. The freedom afforded by superiors in their work encourages employees to take pride in their work, thereby increasing their sense of commitment and integration with their work/organization. The existence of an empowering leadership model according to Bakker & Demerouti (2008) allows leaders to share power with their subordinates by giving them greater responsibility in decision-making and giving them confidence in their abilities. Schaufeli et al. (2000) developed the concept of employee engagement into three main characteristics: Vigor (physical-energy), namely a high level of energy and mental resilience during work, a desire to give maximum effort in work, and perseverance in facing challenges; Dedication (emotional), namely a deep attachment to work accompanied by a sense of enthusiasm, inspiration, pride, and challenge; Absorption (cognitive), namely focus and feelings of pleasure while working, where time seems to pass quickly and it is difficult to stop working. These results are in line with research conducted by Gyu (2017); Zhou et al. (2018); Huertas et al. (2022) that empowering leadership has a positive influence on employee engagement.

This study also found that empowering leadership negatively impacts knowledge sharing among HRD employees in the private banking industry in Indonesia. Giving HRD employees responsibility in private banking will reduce their interest in transferring knowledge within their environment. Employees often perceive knowledge sharing (KS) as a threat that can reduce their status, skills, and benefits (Anindita & Hasyim, 2016). According to Sulistiawan (2022), employees are motivated to improve their performance, but they maintain their self-esteem and strive to be the best compared to their colleagues. Therefore, employees often tend to choose to hide knowledge as an effective short-term strategy to improve their performance. Based on the research results, it is known that employee engagement plays a mediating role between empowering leadership and knowledge sharing. This means that a sense of engagement in employees will increase motivation to share knowledge to complete work responsibilities assigned by superiors. Empowering leadership motivates, creates a conducive atmosphere for creative thinking, and provides the facilities and resources necessary for work. Support for cooperation and mutual assistance among team members also makes employees feel that their work has significant value, creating a sense of connection, and they are willing

to devote maximum time and effort. This motivates them to find new ways, concepts, or methods to work more effectively (Abukhait et al., 2019). These results align with research conducted by Joo et al. (2023) that found empowering leadership positively correlated with knowledge sharing through the mediation of employee engagement.

This study found a positive relationship between empowering leadership and innovative behavior. This suggests that an empowering leadership model can encourage employees to innovate by providing them with opportunities to create innovative work patterns within their work environment. By granting trust and sharing responsibilities, employees' innovative ideas are boosted. Employees will gain the confidence to express their innovative ideas by sharing them with colleagues or leaders for validation and encouragement to realize them. According to Nerstad & Dysvik (2013), a lack of empowerment can create difficulties in achieving individual goals and limit innovative work behavior. Empowering leadership enhances employee creativity by providing a space where they can experiment and express themselves without fear of failure (Cheong et al., 2019). This directly contributes to innovative behavior. Therefore, the results of this study align with previous research conducted by Riaz et al. (2021); Zhu et al. (2019); and Chiang & Chen (2021) that empowering leadership has a positive effect on engagement with innovative behavior.

Another aspect explored in this study is the positive effect of knowledge sharing on innovative behavior. This means that the more frequently employees transfer knowledge, the more innovative work patterns will be realized. Knowledge transfer among private banking HRD employees allows for the exchange of knowledge that can be useful in completing their work. An active role in conveying ideas is useful for facilitating their successful implementation. This knowledge transfer typically occurs from senior employees to junior employees. The knowledge shared by employees is internalized and processed into something valuable, ultimately encouraging employee creativity. This creativity allows employees to collaborate new knowledge with existing knowledge. Exchanging experiences and ideas is one way to determine the best options for realizing appropriate solutions (Keon & Abdurrahman, 2023). Knowledge sharing provides an opportunity for the exchange of information and knowledge, which can be considered in selecting the most appropriate creative ideas for solving a problem. Employees can generate ideas for new, faster work methods or even generate original solutions to problems that arise in the workplace. This is in line with research conducted by Mustika et al. (2020); Kim & Lee (2013); Suhana et al. (2019) that found that knowledge sharing has a positive influence on innovative behavior.

This study found a positive relationship between employee engagement and knowledge sharing. This means that the stronger an employee's sense of engagement with the organization, the greater their desire to share knowledge. Employees who feel engaged in their organization are loyal and persistent in completing their work, even being able to persist for extended periods of time even when things aren't going well. According to Nugroho (2020), there are two types of knowledge dissemination processes within an organization: intentional and unintentional. Intentional dissemination is typically carried out through written media such as reports, notes, and activities like training modules, discussion mentoring, and job rotation. Meanwhile, unintentional knowledge dissemination occurs through activities such as sharing stories, working relationships, and carrying out specific tasks. The exchange of experiences and knowledge that occurs among employees who feel engaged in the organization motivates

them to remain enthusiastic at work because it helps them complete their work together. This aligns with research conducted by Juan et al. (2018), Sun & Cui (2014), and Ahmed et al. (2020), which found that employee engagement has a positive effect on knowledge sharing. The results of this study also found that empowering leadership negatively impacts innovative behavior when mediated by knowledge sharing. Knowledge sharing will reduce the influence of empowering leadership and innovative behavior. The mediating role of employee engagement is needed to enhance the influence between empowering leadership and innovative behavior through knowledge sharing. Several researchers have examined the role of engagement and knowledge sharing as key mediators in the fields of human resources, organizational behavior, and organizational psychology (Carmeli et al., 2013). This study found a positive correlation between empowering leadership and innovative behavior through employee engagement and knowledge sharing as mediators (in a chain). Employees exchange information, ideas, and methods to help each individual learn and understand their work better. This process contributes to increasing the organization's intellectual capital, which plays a crucial role in supporting individual performance and generating solutions and innovations to address various challenges related to assigned responsibilities (Qammach, 2016). According to Gyu (2017), empowering leadership has a significant influence on employee engagement due to the role of leaders who provide trust in the form of responsibility, division of tasks, support, and motivation to complete tasks effectively with enthusiasm and a sense of commitment. This is consistent with research conducted by Nan & Arunyaphum (2021) and Joo et al. (2023), where employee engagement and knowledge sharing significantly mediate the relationship between empowering leadership and innovative behavior.

CONCLUSION

This study concludes that empowering leadership enhances employee engagement and innovative behavior by fostering trust and responsibility, which motivate employees through pride and appreciation. While empowering leadership alone may reduce knowledge sharing due to employees' fear of losing status or benefits, employee engagement mediates this relationship positively, encouraging information exchange. Moreover, knowledge sharing positively influences innovative behavior, and employee engagement strengthens the willingness to share knowledge and experience. Notably, without engagement, empowering leadership can negatively affect innovative behavior through knowledge sharing, highlighting the critical mediating role of engagement. Limitations include the sample being restricted to private banking HRD employees, limiting generalizability. Future research should diversify samples to include employees from state-owned and regional banks and expand the study by exploring additional factors such as psychological empowerment, work ethic, and organizational culture to deepen understanding of influences on empowering leadership. Managerial implications suggest HRD practitioners develop leadership training to promote creativity through empowerment, set clear boundaries and guidance for employee decisions, and foster strong working relationships that provide recognition, emotional support, and career development to boost engagement and thereby enhance knowledge sharing and innovation.

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