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The Influence of Islamic Leadership Behaviour on Innovation Capability

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Abstract

Innovation in the public sector is essential for productivity growth, and improvement in terms of management and service quality. Initially, the Malaysian government has implemented numerous major transformations and initiatives, however, there are still concerns regarding the public sector and civil servant innovativeness. Innovation can only take place when an organisation can innovate and leadership is found as inherently associated with managing innovation. This concept paper had highlighted the infusion of Islamic values in leadership behaviour which is expected to influence innovation capability and this is crucial in the dynamic background of Malaysia as an Islamic country. The significance and implications of the study were also discussed in this paper.

Keywords: Leadership, Islamic Leadership Behaviour, Innovation Capability, Public Sector

Introduction

Latest report from World Intellectual Property Organisation (WIPO) shows that Malaysian ranking has moved up to 36th among the 132 economies featured in the Global Innovation Index (GII) (2022). GI initiated that Malaysia ranks 3rd among the 36 upper middle-income group economies and ranks 8th among the 17 economies in South East Asia, East Asia, and Oceania. The report indicated that Malaysia are committed towards innovation as Intellectual Property Corporation of Malaysia (MyIPO) chairman Datuk Mohamad Alamin stated that "Malaysia secured the position due to its exports of high technology and development of innovative-creative products" (Landau, 2020).

In tandem with globalisation, Malaysia has aggressively focused on empowering the abilities to revolutionise technology and market a new product or service. Moreover, the Malaysian government has embedded innovation in all aspects of administration, including management and service delivery to provide quality service to the citizens. The introduction of initiatives such as the National Blue Ocean Strategy (NBOS), 4th Industrial Revolution,

Cepat, Tepat, Integriti – Produktiviti, Kreativiti dan Inovasi (CTI – PCI) and Government Transformation Program (GTP) demonstrates that the Malaysia government has shifted its direction in championing innovation as the key for a high performing and developing country.

Previous studies indicated that innovation management and innovation enhancement are becoming the major concerns in the current literature (Saunila & Ukko, 2012; Le & Lei, 2019). Initially, innovation is only possible if an organisation has the capability to innovate (Laforet, 2011). With that emphasis, Saunila and Ukko (2012) argues that an organisation has to improve its ability to innovate to become innovative. Similarly, Saunila, Pekkola and Ukko (2014) stated that the development of innovation capability is crucial, as innovation plays an important role in the persistence of an organisation, particularly in the current competitive global environment.

This study explores innovation in the Malaysian public sector. Ramli et al (2017) stated that the recent decade has observed an increasing interest in innovation for the public sector based on the past scholars and current practices. Accordingly, Ali and Buang (2016) indicated that cultivated citizens demand public sector to improve its services effectively and efficiently as part of globalisation initiative. However, Abdullah and Halim (2016) argue that delays to fulfil the citizens demand and the citizens were not made as their priority are among criticisms that affect public sector capability. Additionally, Park and Jo (2018) stressed that some public sector characteristics may inhibit civil servant from exercising innovation, despite the increasing call for innovation. Initially, civil servants' interest toward work productivity is low as they have been showered with premium benefits such as better salaries, secured pensions as well as finest health services (Navaratnam, 2017). Apart from that, Gloet and Samson (2016) disclosed that civil servants' attitude and behaviour influence the process of innovation as they tend to remain at their status quo and prefer to follow past practices rather than experiment with new ideas. Consequently, the employees are less likely to innovate if the top management shows poor engagement and participation in innovation (Mulgan, 2014; Rahman & Ismail, 2018). Thus, developing innovation should be carried out by each member of the organisation.

Dahlgaard-Park and Dahlgaard (2010) found that before implementing the original process of innovation, an organisation needs to improve its organisational capability comprising governance, people management and partnership. Consistently, Le and Lei (2017) emphasised that leadership has been recognised as the main sources for an organisation to foster innovation capability and attain an organisation's effectiveness, survival, and sustainable competitive advantage. Furthermore, a supportive leader will also influence job satisfaction and increase the employees' loyalty (Harun et al., 2021). In this context, the identification of leadership influence that has provided significant support on innovation capability becomes necessary and relevant. Accordingly, many organisations attempt to figure out the right and effective pathways for successful innovation. Despite that, they are still struggling to become innovators due to a lack of leadership practices for innovation (Lei et al., 2019). Besides, the role of leaders is essential as their leadership behaviours are among the important reasons that contribute to innovation capability in an organisation (Jia et al., 2018).

Nusair et al (2012) stated that leadership has been emphasized as one of the most vital influences on organisational innovation in the public sector. In a time of change, the public sector faces several obstacles in reacting to the need of citizens globally. These obstacles force the public sector to have a new style of leadership that encourages innovation by enhancing employee's engagement in decision making (Nusair et al., 2012). However, leaders' misbehaviours and unethical practices appear to be the major concern in the organisation (Galanou & Farrag, 2015) because they significantly influence employee retention (Asiah et al., 2020). Thus, the infusion of spiritual and religious paradigm is a solution to the organisation as it is shaped by environmental factors for instance; spiritual faith, belief system, and internal personal values (Kaya, 2015). In parallel, Abdul Rahman (2018) indicated that religion influence leaders' values and behaviours in organization. This study focuses on Islamic leadership behaviour, which is considered relevant in the dynamic environment of Malaysia as an Islamic country. Similar to conventional practices, leadership in Islam stands as a bridge that allows leaders to influence their members to achieve targeted objectives (Khalid & Fontaine, 2011).

Based on the Malaysian Labour Force Report, there were 15.21 million employed workers in October 2020 (Department of Statistic Malaysia, 2021) including 1.6 million civil servants which act as the major mechanism to engage in innovations. By embracing innovation and Islamic values, civil servants' productivity and efficiency will beneficially be improved. Hence, this study intends to investigate the influence of Islamic leadership behaviours on innovation capability of civil servants in public sector organizations.

Literature Review

Innovation Capability

The term innovation capability cannot be precisely defined since it is typically viewed as a multifaceted construct. However, several definitions are related to this study. The innovation capability was defined by Kanter (1983) as an ability to mobilise the human and organisational resources and adapt problem-solving ideas that are new to the organisation into practice. Meanwhile, Lawson and Samson (2001) referred the innovation capability as the "ability to continuously transform knowledge and ideas into new products, processes and systems for the benefit of the organisation and its stakeholder". Accordingly, VU (2020) indicated that innovation capability drives the organisations to assimilate key capabilities and resources to successfully encourage innovation.

In this study, innovation capability is assumed as the unit of a belief that the public sector organisations produce fresh ideas to enhance the efficiency of public services or the establishment of new products (Lee & Choi, 2003; Kumar & Che Rose, 2010). Hence, there is no common method to study innovation capability as there are various outlooks of innovation management (Perdomo-Ortiz et al., 2006). Consequently, Holtzman (2014) stated that organisations that actively embrace innovation culture can cope with innovation capability as a result of radical and continuous improvement in terms of service and product.

Islamic Leadership Behaviour (ILB)

Abed (2006) defines leadership in Islam as "a process of inspiring and coaching voluntary followers to achieve a clear and defined shared vision." In other words, it is related to the human factor that gathers to form a group and inspire it toward achieving the desired goals

(Beekun & Badawi, 2009). In Quran, surah Al-Anbiya verse 21:73, Allah the Almighty says, "And we made them leaders to guide people by our command and we inspired them to do good deeds, to establish prayers and to give Zakat; and they worshiped Us alone". From this verse, it is understood that Muslim leader cannot act as freely as he wants, but he must act only to implement Allah commands on earth. Furthermore, Ather and Sobhani (2008) stated that Islam provides perfect codes of life with a set of principles and guidelines for leaders and managers to effectively lead the organisation. Thus, a devoted Muslim leader is expected to do good in his action and behaviour and practice good deeds for the sake of Allah, the Muslim community and humankind.

According to Khaliq (2009), Islamic leadership principles refer to a group of leadership principles that are primary derived from Al-Quran and the biography of the Prophet Muhammad (pbuh) and his companions. Initially, there is a remarkable number of Islamic leadership principles compiled by Muslim authors (Khaliq & Fontaine, 2011; Othman et al., 2018). On that note, this study focuses on 10 dimensions of Islamic leadership behaviour (ILB) that was developed by the researchers, (Othman et al., 2018). In this study, Islamic leadership behaviours comprising of 10 dimensions namely; Consistency, Consultation (*shura*) (freedom of thought), Cooperation (*esprit de corps*), Continuous learning (knowledge and wisdom), Express gratitude, Accountability (enjoining the right and forbidding the evil), Eloquence (enlightenment, receiving and spreading the message), Moderation (leniency), Sovereignty, and Justice (equality).

According to De Cremer (2003), consistency can be referred to as steadiness in leader behaviour regardless of the person, time, and circumstances. Similarly, Othman et al. (2018) stressed that consistency relates to ensuring steadiness and uniformity in every action. Knowingly, consultation plays an important role in order to achieve mutual agreement. Al-Habshi et al (1998) stated that consultation (*shura*) signifies the acceptance of people and the ability and integrity of the leader in his willingness to tolerate different views of followers. Similarly, consultation (*shura*) is associated with exchanging views and consulting others (Salleh & Al-Daba, 2014). Initially, cooperation between leaders and followers is a vital mechanism to achieve mutual objectives. Kumar and Das (2007) defines cooperation as "a willingness and a readiness to share information or a sincere attempt to understand others' perspectives." In addition, cooperation is related to putting emphasis on teamwork, providing support, and assistance when needed (Othman et al., 2018). Continuous learning keeps leaders stay ahead of the curve. In relation to that, Sessa and London (2006), emphasise that continuous learning as a learning process that builds on changing behaviour for improving an individual knowledge, skills, and worldview. On the other hand, Othman et al (2018) concurs that leaders need to engage in continuous learning to acquire knowledge and wisdom. Emmons and Crumpler (2000) in their study regarding empirical research on gratitude specified that gratitude is an emotion, a virtue, an ethical sentiment, a motive, a handling response, a skill, and an attitude. Initially, expressing gratitude can generate a sense of connection as leaders who thank their followers gain their appreciation (Algoe, 2012). Thus, this kind of behaviour will help both leaders and followers build a relationship that is essential for success.

In the Islamic leadership behavioural context, accountability can be referred to as a circumstance where a leader is willing to accept responsibility and liable for the actions

(Othman et al., 2018). Speaking eloquently has some powerful benefits. Rao (2012) described eloquence as the sixth out of eleven important keys to leadership success as eloquence is related to communication whereby one uses it to receive and spread a message. Additionally, Siti Asiah et al (2012) argued that effective two-way communication between leaders and employees is the essence of creating trusting relationship in organization. Meanwhile, Islam and Khatun (2015) stressed that moderation is a self-controlling behaviour that supports a leader to make the most appropriate and balanced moral and behavioural judgement. Apart from that, Said (2002) stated that the sovereignty holder is Allah and all power belongs to Him. Correspondingly, Othman et al (2018) referred sovereignty as leaders using the power and authority bestowed to him or her appropriately. It is understood that each Muslim is Caliph or Allah representative on earth; thus, it is compulsory to practice the power and authority bestowed appropriately and according to *Shariah* law. Initially, John Rawls, the author of the well-known and path-breaking book "A Theory of Justice" defined the term justice as "fairness" (Rawls, 1971). From an organisational perspective, the term "organisational justice" was first used by Greenberg in (1987). Meanwhile, in the context of ILB proposed by Othman et al (2018), justice (equality) involves leader's fairness and impartiality in his or her decisions and actions.

These leadership behaviours involve the practices and actions demonstrated by leaders in ensuring organisational achievement by motivating members to obligate effectively. The researchers, Othman et al (2018) developed ILB to realise the need to have an effective and efficient universal model of leadership that facilitates study on Islamic leadership and its nomological networks.

The Relationship between Islamic Leadership Behaviour and Innovation Capability

Hogan and Coote (2014) mentioned in their study that innovation assists organisations to overcome issues that are related to economic and environmental changes which are important for survival in global competitiveness. Thus, managing innovation and improving the innovation capability of an organisation emerge as an essential and interesting issue in the current literature (Prasad & Junni, 2016; Le & Lei, 2019). Additionally, researchers are interested in investigating how leadership can enhance or inhibit innovativeness (Schweitzer, 2014; Jia et al., 2018). Consistently, Rahman and Ismail (2018) in their study regarding managing innovation in the public sector stated that leadership is one of the vital factors that influence innovation. The influence is realised from the leader's behaviour in consulting, delegating, and assigning the task, whereby employees are given the autonomy to contribute to the decision-making process and enhance their motivation to become more innovative. Similarly, previous studies found that leaders and their leadership behaviour influence the development of innovation capability (Schweitzer, 2014; Jia et al., 2018; Le & Lei 2019).

Accordingly, Schweitzer (2014) study indicated that transformational leadership behaviour significantly influences innovation capabilities. Furthermore, a study by Le and Lei (2019) on 150 Chinese organisations found that transformational leadership has a positive and significant relationship with innovation capability. Accordingly, Rigolizzo and Amabile (2015) argues that a leader's role is essentially critical in creating an environment that supports creativity and innovation. A leader with good leadership behaviour plays an important role as it helps create a risk-tolerant environment whereby confident employees will participate in innovation activities such as the generation of novel and useful ideas (Simmons & Sower,

2012). However, Le and Lei (2019) stated that the direct correlation between leadership behaviour and innovation capability remains undeveloped and insufficient in the literature. Thus, this study intends to fill that particular gap to contribute to the body of knowledge pertaining to Islamic leadership behaviour and innovation capability.

Essentially, Islamic leadership behaviours were seldom reported by scholars. Accordingly, Rafiki (2020), stressed that Muslims overlooked the leadership theories that are derived from Al-Quran, Sunnah and Islamic perspectives which were implemented earlier by the Prophet Muhammad (pbuh) and the four caliphs. Furthermore, Wahid et al (2010) stated in their study that there are issues regarding the service delivery to the public that is not effective. To overcome this issue, civil servant needs to be skilled in two areas, namely management and the field of religious sciences (Wahid et al., 2010). On that note, researcher, Siddique (2007) concurs that infusion of Islamic values is essentially important to improve civil servant professionalism and commitment toward innovation. In response, knowledge about the direct relationship between Islamic leadership behaviour and innovation capability is insufficient and needs to be further discussed. This study firmly believes that Islamic leadership behaviour will influence innovation capability. For that reason, investigating the relationship between Islamic leadership behaviour and specific concept of innovation will contribute to the field of leadership and innovation management studies. Thus, the conceptual framework of this study aims to provide intense knowledge of the relationship between Islamic leadership behaviour and innovation capability (Figure 1.1).

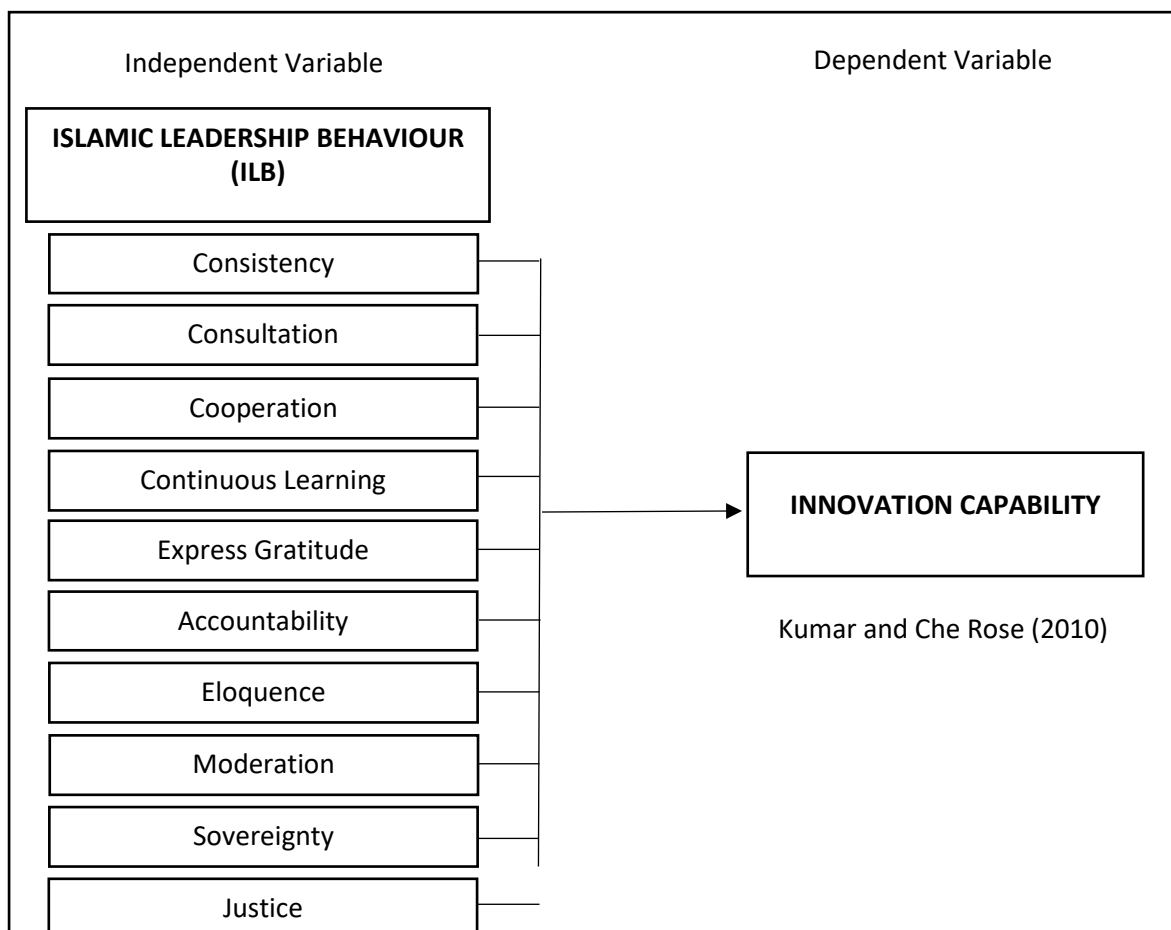


Fig. 1 Proposed Conceptual Framework

Methodology

The present study focuses on the civil servants in selected government agencies or ministry as the population sample. The civil servant grades as gazetted by the Public Services Department (PSD) of Malaysia is categorised into five levels or grades. There are known as Top Management Group (JUSA C to Turus 1), Management and Professional Group with Bachelor Degree and above (Grade 41 to Grade 56), Support Group with Diploma or Malaysian Higher School Certificate (STPM) qualification (Grade 29 to 40), Support Group with Malaysian Certificate of Education (SPM) qualification (Grade 19 to 28) and lastly Support Group with Lower Secondary Assessment (PMR) or Lower Certificate of Education (SRP) and below qualification (Grade 11 to Grade 18) (Public Service Department of Malaysia, 2020).

Conclusion

In conclusion, the Prophet Muhammad PBUH once said, "every one of you is a shepherd in which responsible for what he is caretaker of" (*Sahih Muslim*). Therefore, every Muslim needs to realise the importance of leadership responsibility. The manifestation of Islamic values in leadership will guide Muslim leaders to play their role effectively based on the Islamic way of life. The researcher is interested in these values and innovation capability as many researchers discovered that they may influence the employees' innovation to produce creative ideas, products, and services. Nevertheless, there are still a few studies that have contributed to enhancing innovation capability by focusing on Islamic leadership. Therefore, the Islamic leadership behaviours discussed in this study offers the researchers and practitioners an opportunity to understand Islamic values and culture better. Apparently, this study will assist and support public sector to gain better understanding of leaders' Islamic behaviour that will eventually lead to innovation capability of civil servant. This topic needs to be discovered since the data on the direct correlation between ILB and innovation capability is still insufficient. Thus, investigating the relationship between Islamic leadership behaviour and innovation capability will have valuable contributions in the field of leadership and innovation management.

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