

## The Interaction of Empowering Leadership, Self-Efficacy, and Psychological Empowerment as Moderating Variables in Predicting Employee Creativity: Evidence from Indonesia

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**Abstract.** This study investigates the effects of empowering leadership and employee self-efficacy on creativity in a manufacturing context, with psychological empowerment as a mediator. While prior research has linked these factors to creativity, their interplay is not well understood, especially in non-Western settings. A survey of 127 employees of an Indonesian manufacturing firm was conducted. Results from partial least squares structural equation modeling (PLS-SEM) analyses revealed that empowering leadership positively influenced both creativity and psychological empowerment, while self-efficacy had no significant direct effect on creativity. Psychological empowerment mediated the effects of empowering leadership and self-efficacy on creativity. These findings highlight the role of leadership in fostering a sense of empowerment, which in turn enables employee creativity. However, self-efficacy may be a necessary but not sufficient condition for creativity in manufacturing jobs. The study extends the cross-cultural literature on employee creativity, suggesting that empowering leadership is important in a collectivistic society like Indonesia. Managers should develop empowering leadership behaviors and create conditions for psychological empowerment to enhance creativity. Future research should examine moderators of the observed relationships and test the model in other cultural contexts.

**Keywords:** Empowering Leadership, Self Efficacy, Employer Creativity, Psychological Empowerment.

## 1. Introduction

Creativity is one's skills in thinking to produce new ideas that aim to solve a problem that exists in the organization in a creative way (Rochani & Wijayati, 2020). Creativity is one important factor to develop and grow new works. Organizational creativity is defined as the process of generating new ideas and activities that are applied to solve everyday problems and challenges, and it is employees who create, promote, discuss, and express these ideas. (Ozaralli, 2015). Moment Now This Lots company Which try **for** increase Power competitively with maintain and expand relation so that the company Can always develop. Efforts that can be made to develop the company are with do creativity. Creativity done as pusher **and** innovation Which Can implemented by employees in order to create a work environment with creative thinking and innovative. To get this creativity there are challenges that can be faced by company that is by promoting the creativity of employees, and one of the factors that to be able to encourage this is leadership (Ozarilli, 2015). Leadership is something process Which influential For set objective organization with encourage employees to develop creativity to achieve organizational goals (Insan, 2017). Good leadership and having passion in the organization will show how to develop skills and knowledge which are seen as creative factors and change among employees (Ranjbar & monfared, 2018).

Empowering leadership is a process whereby employees are influenced through the sharing of power and development is supported to increase independence, motivation and ability to work independently in the workplace (Fitriani & Wulansari, 2018). Empowering leadership serves as an effective way for leaders to get trust on every employee. Empowering leadership displayed through conditions in which leaders distribute power, autonomy, motivation, and privilege other jobs equally. In addition, empowering leadership also supports individual willingness to change (Li et al., 2017). With empowering leadership in companies can strengthen leadership and employees can gain trust self for greater participation in interest decision making organization. So from That, leader And employee can Work The same with each other complete without feel There is connection superior And subordinate. From matter the employee Can directly involved in making decisions and other important issues, as well as employees also will feel himself important as part of the company so employees can do his job as good Possible with task Which given as well as Can create ideas new For the company's progress (Muafi et al., 2019). Empowering leadership is said to have a positive and significant impact on creativity (Mo & Yu, 2017). These findings are supported by Agustina & Pradana's research (2021) which shows that Empowering leadership has a positive impact towards employer creativity. Because with empowering leadership Can make environment Work Which creative And support For company Which effective And quality.

Self efficacy is one that can influence employee creativity. Efficacy is belief Which appear from belief to ability somebody in work hard to get success. Confidence is what employees need in order to have confidence in their abilities. Self Efficacy is needed by employees in doing work because of this self efficacy employee can increase his creativity in a manner individual For finish task Which There is (Yang & gu, 2017). Somebody Which have self High efficacy can adapt to many different styles, because they always are try For Study matter new even when environment No support they (Permatasari & munajah, 2021). Self efficacy must improved And guarded in a manner continuity to ensure a calm working atmosphere (Mardina & Hariningsih, 2016). In study Jaiswal & Dhar (2016) disclose self efficacy influential positive And significant to employer creativity. In his research Also explain that with exists self efficacy somebody employee can express his creativity in a manner clear.

Apart from that, in a company there are other things that are very important improve employee creativity in addition to empowering leadership and self-efficacy that is psychological empowerment. Psychological empowerment is defined as intrinsic motivation that reflects a sense of autonomy towards work and active participation in work (Seibert, et. al., 2011). Psychological empowerment too is Wrong One factor most important in empowerment place Work For increase intrinsically motivated employee performance (Aggarwal, et.al., 2018). As is psychological empowerment it is hoped that there will be

a strong belief by the individual towards ability to carry out their duties in the context of competence and skills Which owned, Where Which We know that empowerment psychological related with how much competent somebody empowered in environment it works, so that allows for psychological empowerment to build self-confidence within finish his job (Hidayat & Lukito, 2021).

Based on the results of observations that researchers have conducted in companies engaged in in the field of packaging and woven polyolefin at PT. Wiharta Karya Agung, Kebomas District, Gresik, Java East. This company prioritizes creativity in the manufacture and creation of existing products. However There is phenomenon Which found on companythe that is Still minimal innovation And creativity Which generated, Because Still identify ideas long And No There is update. Which should employeescan produce products in accordance with the trends of excellence that exist in the times Now with use creativity And ideas new. From the results of interviews conducted by researchers with one of the employees in charge of the packaging production section, it is known that the problem that arises is intervention from superiors regarding creative freedom to create new product models. Employees only focus on existing tasks from superiors. This triggers empowering leadership where superiors pay less attention to their employees to develop and createideas new Which make Employees often lack confidence in their abilities to work and be creative. Therefore also the employees can not hone their abilities and the problem is ultimately related to self efficacy. From the description and existing phenomena, the purpose of the researchers here is to find out the influence of empowering leadership and self-efficacy on the creativity of entrepreneurs with empowerment psychological as variable mediation.

## **2. Literature Review**

### **2.1 Empowering Leadership**

Empowering leadership is a leadership style that emphasizes giving employees autonomy, responsibility, and trust to make decisions. It encourages employees to develop their skills and abilities and actively participate in the work process. Several studies show that empowering leadership has a positive impact on employee creativity as it increases employees' intrinsic motivation and self-confidence (Bhatti, 2022). Empowering leaders give employees the freedom to explore and experiment in their work, which allows them to find innovative solutions to problems encountered (O'Donoghue, 2022). This freedom increases employees' sense of ownership and responsibility for their work, which in turn increases job performance and satisfaction. Moreover, this assignment of responsibility also helps employees to feel more valued and confident in their abilities, which is an important factor in the development of creativity (Bousinakis, 2021).

Empowering leadership also creates a work environment that supports collaboration and idea sharing among employees. By encouraging open communication and mutual respect, empowering leaders enable employees to work together more effectively and share knowledge that can lead to innovative solutions. This support comes not only from the leader but also from colleagues, creating a strong and innovation-oriented organizational culture (Joo, 2023). Empowering leadership also contributes to the development of employee skills and competencies (Khaton, 2023). By providing training and development opportunities, and encouraging continuous learning, empowering leaders help employees to improve their capabilities and stay relevant to industry developments. This skill enhancement, coupled with support from leaders, can boost employees' confidence in pursuing creative and innovative ideas (Ye, 2022).

Empowering leadership also provides significant benefits to the organization. Organizations with empowering leaders tend to be more adaptive and responsive to changes in the market and business environment. Employees who feel empowered are more likely to take initiative and innovate, which can result in a competitive advantage for the organization. This is especially important in the modern business era characterized by high uncertainty and dynamics (Faulks, 2021). However, to achieve the

desired results, empowering leadership must be applied carefully and consistently. Leaders need to ensure that empowerment is not misinterpreted as a lack of direction or support. Instead, empowerment should be seen as an effort to give employees the tools and resources they need to succeed. Leaders should remain involved in the work process and provide the necessary guidance to ensure that employees feel supported and valued (Frémeaux, 2022).

## **2.2 Self-efficacy**

High self-efficacy is a key factor that influences how one thinks, feels, and acts. Strong self-efficacy can increase persistence and effort in the face of challenges, which in turn can facilitate creativity (Schunk, 2021). Employees with high self-efficacy tend to be more willing to take risks and explore new ideas. They feel confident that they have the ability and resources to achieve desired outcomes, even in situations full of uncertainty (Nohut, 2022). This self-confidence makes it possible to innovate and find creative solutions to problems encountered at work. In contrast, employees with low self-efficacy may feel hesitant and afraid of failure, so they tend to avoid challenges and stay within their comfort zone (Taiyi, 2022). High self-efficacy also contributes to intrinsic motivation, which is the drive to do something because of personal interest and satisfaction, not because of external pressure or rewards. Intrinsically motivated employees tend to be more engaged in their work and strive to produce high-quality work. They enjoy the process of creation and feel satisfied with their achievements, which in turn enhances creativity. Intrinsic motivation is one of the important factors in the development of creativity (Li, 2020).

High self-efficacy can help employees better overcome obstacles and failures (Javed, 2021). In the context of leadership, empowering leaders can play an important role in increasing employees' self-efficacy. By providing support, constructive feedback, and opportunities to take responsibility, leaders can help employees build their confidence. When employees feel supported and valued, they are more likely to develop strong self-efficacy and actively participate in the creative process. Research shows that there is a positive relationship between empowering leadership and employee self-efficacy (Ahmed, 2022). Self-efficacy can also be influenced by past experiences and achievements. Employees who have a track record of success in completing difficult tasks and achieving challenging goals tend to have higher self-efficacy (Hoffmann, 2021).

## **2.3 Psychological Empowerment**

Psychological empowerment is a psychological state in which employees feel they have control, competence, meaning, and impact in their work (Al-Makhadmah, 2020). Psychological empowerment focuses on an individual's feelings about his or her ability to do his or her job effectively and contribute to organizational goals. The first dimension of psychological empowerment is meaning. Meaning refers to the extent to which employees feel that their work is important and aligned with personal values (Minai, 2020). When employees feel that their work is meaningful, they tend to be more motivated and engaged in their tasks. This motivation can increase creativity, as employees feel compelled to look for new and better ways to get their work done (Zhang, 2020).

The second dimension is competence. Competence refers to employees' beliefs that they have the abilities and skills necessary to succeed in the job (Martini, 2020). When employees feel competent, they are more likely to take initiative and explore new ideas. This sense of confidence allows them to overcome challenges and develop creative solutions to problems encountered. Providing training and skills development can go a long way in enhancing this feeling of competence (Muzam, 2023). The third dimension is self-determination, or independence in making work-related decisions. Self-determination reflects the extent to which employees feel that they have autonomy and freedom to choose how they perform tasks (Szulawski, 2021). When employees have a high level of independence, they are more likely to innovate and look for new ways to improve their work efficiency and

effectiveness. This freedom encourages employees to think creatively and take measured risks (Jun, 2022).

Psychological empowerment can significantly increase employee creativity by providing a feeling of ownership and responsibility for work (Echebiri, 2020). When employees feel empowered, they are more likely to engage in the work process proactively and participate in decision-making. This not only improves individual performance but also creates a more dynamic and innovative work environment. Research shows that psychological empowerment is positively related to employee creativity (Nuzul, 2020). In addition, psychological empowerment can help reduce work stress and burnout by giving employees more control over work. When employees feel that they have control and can influence their work, they tend to experience lower stress levels and higher job satisfaction. This is important in maintaining employee well-being and ensuring that they remain motivated to innovate and contribute to their full potential (Gong, 2021).

### 3. Method

This research was conducted at a polyolefin weaving processing and packaging company, PT Karya Agung, located in Kebomas District, Gresik Regency, East Java. This research uses a quantitative method that explains the causal relationship between research variables through hypothesis testing. The population of this study were all employees at PT Karya Agung, with a sample taken as many as 127 respondents using the Structural Equation Modeling (SEM) method. The research instrument is a questionnaire, which is a list of written questions designed to measure the effect of empowering leadership and self-efficacy on employee creativity, with psychological empowerment as a mediating variable. The scale used in the questionnaire is a Likert scale. Data analysis was performed using the SmartPLS application. The Partial Least Squares (PLS) method was chosen because it is known as a powerful analysis method, independent of measurement scale (such as measurements that require interval or proportion scales), sample size, and residual distribution (Marcoulides, 2013). The independent variables in this study are empowering leadership and self-efficacy, while the dependent variable is employee creativity. The mediating variable used is psychological empowerment. The analysis procedure includes several stages. First, the validity and reliability of the questionnaire were tested to ensure that the research instrument was accurate and consistent. Second, descriptive analysis was conducted to understand the characteristics of the sample. Third, correlation analysis is used to see the relationship between variables. Fourth, SEM analysis is used to test the research hypothesis, specifically to test the mediating effect of psychological empowerment between empowering leadership and self-efficacy on employee creativity. The following is Figure 1 of the framework of the variables used in this study:

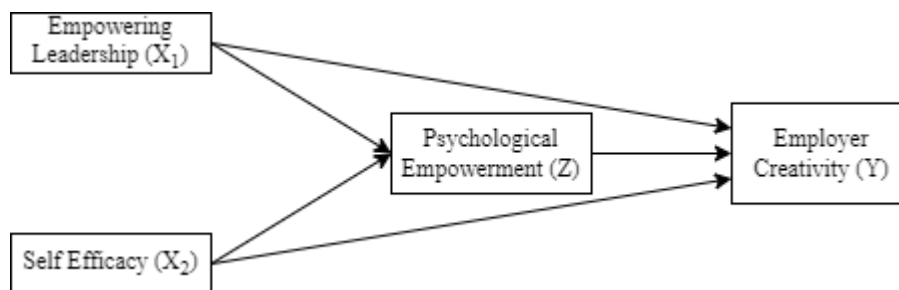


Fig.1: Framework

The characteristics of the respondents in this study cover a range of factors relevant to the industry context and work position at PT Karya Agung, Gresik, East Java. Respondents were employees from

various lines and levels within the company, including production, managerial, technical and administrative. The majority of respondents had varied work experience in the processing and packaging industry, with most having worked within the company for several years. Table 1 shows data on respondent characteristics.

Table 1: Characteristics of Respondents

Respondent Characteristics		Total	Total
Gender	Male	67	127
	Female	60	
Age	20-30	50	
	31-40	60	
	41-50	12	
Length of Service	< 5 Year	77	
	> 5 Year	50	
Job Division	Production	87	
	Technical	25	
	Administration	15	

Overall, the characteristics of the respondents reflect diversity in terms of work experience and demographics, which can provide a rich and relevant perspective on the influence of the variables studied in the context of the processing and packaging industry in Indonesia.

## 4. Results and Discussion

Research uses the Smart PLS application in data processing. Processing data using SmartPLS calculations are divided into 2 (two), namely: measurement models And model structural. Calculation both are described that is:

### Model Measurement

Outer model useful For connect from variables Which observed with variableslatent. Analysis of variance in PLS is only connected with latent variables. Outer testing the model consists of testing validity through outer loading and AVE (average variance extracted), whereas test reliability through composite reliability And cornbach alpha (Surya, et al., 2020).

### *validity convergent*

Test validity aim for see something construct own correlation tall or No.validity convergent can is known with loading factor for every construct. Something constructjustified has valid If results loading factor > 0.7. Whereas, results AVE Which must ownedby construct is > 0.5 (Ghozali, 2014). Table 2 shows the results of outer loading and AVE results (average variance extracted) as following:

Table 2: Models Outer Loading and AV

Variable	Indicator	Loading Factor	AVE
Empowering leadership	X1.1 Delegation of Responsibility	0.903	0.698
	X1.2 Provide Ongoing Support	0.771	
	X1.3 Encouraging Initiative	0.860	
	X1.4 Providing Positive Feedback	0.893	
	X1.5 Transparency and Open Communication	0.798	
	X1.6 Facilities Collaboration	0.779	

Self Efficacy	X2.1 Confidence in Personal Capability:	0.871	0.709
	X2.2 Intrinsic Motivation	0.802	
	X2.3 Job Satisfaction	0.846	
	X2.4 Initiative and Proactive	0.809	
	X2.5 Self-Regulatory Ability	0.923	
	X2.6 Communication Skills	0.794	
Employer Creativity	Y1.1 Frequency of Creative Ideas	0.881	0.787
	Y1.2 Idea Quality	0.940	
	Y1.3 Idea Implementation	0.916	
	Y1.4 Response to Challenges	0.747	
	Y1.5 Initiative and Activeness	0.891	
	Y1.6 Team Collaboration	0.934	
Psychological Empowerment	Z1.1 Involvement in Decision Making	0.838	0.778
	Z1.2 Awards and Recognition	0.900	
	Z1.3 Ability to Grow and Develop	0.846	
	Z1.4 Fairness in Treatment	0.875	
	Z1.5 Sense of Engagement and Commitment	0.913	
	Z1.6 Perceived Control	0.918	

The loadings value indicates convergent validity. All constructs have loadings values greater than 0.7, which means that all items are valid. Validity is also measured using the AVE value. The AVE value is recommended to be  $\geq 0.5$  so that the criteria are met (Hair et.al., 2020). The AVE value of all constructs is greater than 0.5. Therefore, the data can be trusted for validity. The outer loading model is shown on picture 2 as follows.

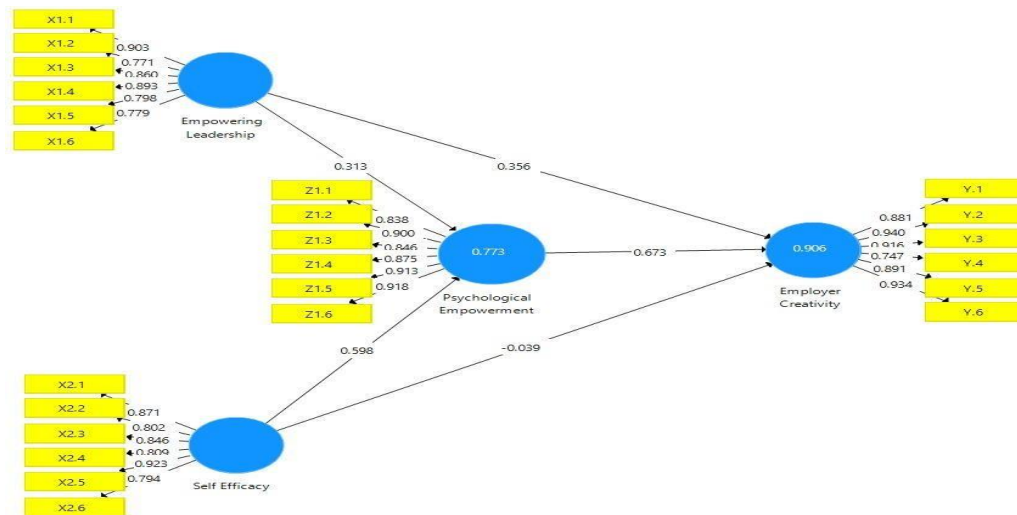


Fig.2: Model outer loading

### Reliability

Test reliability made so that show consistency and accuracy something tool measuring something structure. See reliability through results cronbach's alpha And results composite reliability Which must

be > 0.7. However, if the construct results < 0.7 it indicates that the construct is unreliable And No can dependable For describe condition exist in field Which actually (Ghozali, 2014). Table 3 is results processing reliability, as following :

Table 3. Cronbach's Alpha And Composite reliability

Information	Cronbach's Alpha	Composite reliability
Empowering leadership	0.914	0.933
Self Efficacy	0.918	0.936
Employer Creativity	0.945	0.957
Psychological Empowerment	0.943	0.955

A construct considered reliable or reliable for describe the existing conditions of the field if the results cornbach's alpha and composites reliability > 0.7. Table 2 explained results cornbach's alpha and composite reliability > 0.7. Results This shows that all the constructs in the study are reliable and can be used for test furthermore. Variable independent empowering leadership (X1) on Table 3 listed have results cornbach's alpha 0.914 > 0.7 And composite reliability 0.933 > 0.7 And variables self efficacy (X2) own results cornbach's alpha 0.918 > 0.7 And results compositere liability 0.936 > 0.7. Then the dependent variable creativity employer (Y) has results cornbach's alpha 0.945 > 0.7 and composite reliability 0.957 > 0.7 while for variables mediation psychological empowerment on Table 2 get results cornbach's alpha 0.943 > 0.7 And results composite reliability 0.955 > 0.7.

**Model Structural (Inner models )**

Inner model there is a number of matter Which need noticed that is R-square And significance. R-square aim for see level variation change variables free to the dependent variable (Hartono, 2011). The model level is seen based on the R-square results of > 0.75 indicates a strong model, the result of 0.25 > R-square > 0.50 indicates a strong model moderate, as well as results R-square < 0.25 model weak (Ghozali, 2014).

*R-Square*

R<sup>2</sup> plays a role in explaining the effect of certain exogenous latent variables on endogenous latent variables, regardless of whether they have a significant effect or No. Following is data R-squared (R<sup>2</sup>) on Table 4:

Table 4. R- Square (R<sup>2</sup>)

	R Square	R Square adjusted
Employer Creativity	0.906	0.904
Psychological Empowering	0.773	0.769

R-square shows the change given by the independent variable to variable dependent. Based on Table 3 obtained results R-square variables employer creativity of 0.906 means that the empowering leadership and self-efficacy variables have had an effect very strong as indicated by the R-square result of 0.906. Apart from that, psychologically empowering on Table 3 seen get results 0.773, It means psychological empowering influential being against variable variable empowering leadership and self efficacy.

**Testing hypothesis**

*Direct effects*

Hypothesis testing aims to see the effect given by the variable independent and mediating variables to the dependent variable. The influence given variable independent and mediating variables are shown in the results of the T count and the results of the *p-value* . Hypothesis test results *direct effect* displayed on Table 5 following:

Table 5. Results Analysis Test Line Influence Direct

Information	Q Statistics	P Values	Information
Empowering leadership -> Employer Creativity	3,030	0.003	Accepted
Self Efficacy -> Employer Creativity	0.295	0.768	Rejected
Empowering leadership -> Psychological Empowerment	2,348	0.019	Accepted
Self Efficacy -> Psychological Empowerment	5,708	0.000	Accepted
Psychological Empowerment -> Employer Creativity	7,385	0.000	Accepted

Results calculation variable empowering leadership to employer creativity has a positive and significant effect as evidenced by the results of T count  $3.030 > 1.979$  T table and  $p\text{-values } 0.003 < 0.05$ . Which show that second variable That accepted Because empowering leadership influences employer creativity. In addition to Zhang's research, et.al., (2018) Also disclose empowering leadership to employer creativity positive and significant effect. This means that in a company empowering leadership must applied by leader for obtain employer creativity. This result is in line with research conducted by Sari (2022); Alfaris (2021); Kempa (2020); Fitriani (2018) that empowering leadership will increase employee creative behavior.

Leadership that is empowered is essential in businesses and organizations because it promotes success and progress by recognizing each person's potential and offering the required assistance. Members of the team will feel appreciated and inspired to participate in such an atmosphere. The main goals of empowering leaders are to provide an inclusive work atmosphere, match duties to their interests and talents, and improve their skills and abilities (Alfaris, 2021). This builds a more motivated and productive team in addition to enhancing the caliber of human resources. Effective communication, teamwork, and a just allocation of power and accountability are all necessary for empowering leadership. Effective listeners and those who attend to the needs of their team members foster deep bonds that stimulate innovation and creativity. Additionally, they empower subordinates and instill a feeling of ownership in them by placing their faith in their ability to take the initiative and make choices. An inclusive and equality-focused work culture that values diversity and the contributions of all team members is fostered by empowered leadership, which also creates a driven workplace where everyone feels appreciated and inspired to give their all (Zhang, 2018).

Empowering leadership enhances work creativity and organizational productivity by creating an inclusive and open work environment. It encourages employees to make decisions, build a sense of ownership, and share ideas. Empowering leaders also foster collaboration among diverse employees, fostering synergy and resulting in more innovative ideas and effective solutions to organizational challenges. This approach fosters a sense of ownership and responsibility among team members. Empowering leadership inspires workers to innovate and provide value to the company by recognizing and appreciating their accomplishments and efforts. Employee loyalty and relationships are strengthened by this acknowledgment. Employees are motivated to develop their creative potential and take calculated chances when working with empowered leaders because they set a positive example by being proactive, inventive, and adaptable (Sari, 2022).

Self-efficacy is the belief that one can perform tasks, achieve goals and overcome obstacles in everyday life. It includes motivational, affective and cognitive elements that influence how one behaves and responds to circumstances. Self-efficacy can also affect tolerance to stress and pressure. People who have confidence in their abilities will be more driven to take the necessary actions, push through difficulties and persist when the going gets tough. On the other hand, those with poor self-efficacy may avoid difficult circumstances or feel discouraged because they do not feel they can overcome challenges

(Rhee, 2017). Employees' creativity in the workplace is greatly influenced by their sense of self-efficacy. Employees with high levels of self-efficacy are more willing to take risks and try new ideas and creative solutions. On the other hand, low self-efficacy can make new ideas less appealing. High levels of self-efficacy encourage discovery, teamwork, and engagement in the creative process. Therefore, increasing self-efficacy can be a calculated step towards developing an inventive and creative workplace culture (Tierney, 2011). On results calculation variable self efficacy to employer creativity obtain results  $T$  count  $0.295 < T$  table  $1,979$  And  $p$ -values  $0.768 > 0.05$ . Which explain results the Noshow self-efficacy have influence or not significant to employer creativity or rejected. However in research Han & Bai (2020); Rianasta (2023) show exists positive and significant effect of self efficacy on employer creativity. As is the difference in these results means that self-efficacy in each company does not affect the employer creativity of employees at work. Employees only focus on self-efficacy has. Self-efficacy doesn't significantly impact employee creativity, largely due to the complexity of the creative process. Creativity involves flexibility, uncertainty management, and problem-solving. High self-efficacy may motivate employees to try new things, but knowledge, technical skills, and adaptability also influence creativity.

The psychological empowerment of individuals within a team or organization is greatly influenced by empowering leadership. Prioritizing autonomy allows team members to make their own decisions, which increases their sense of control and internal drive. Empowering leadership also includes showing confidence in the skills and potential of team members, offering help regularly, and offering helpful tools and direction. A leader who practices empowerment places great emphasis on increasing team members' sense of accomplishment and achievement by helping them develop individual skills and competencies (Inesia, 2022). This strategy emphasizes the importance of each member's contribution to the team's success by linking company goals with personal values. By encouraging open communication and diversity of viewpoints, it creates a collaborative and friendly workplace. Strong bonds among team members are also fostered, which encourages cooperation, mutual support, and encouragement. By using this strategy, employees' attachment to the team and the company is strengthened, in addition to their work happiness (Mayangsari, 2023). From results testing variable empowering leadership to psychological empowerment get  $T$  count  $2,348 > 1,979$   $T$  table And  $p$ -values  $0.019 < 0.05$ . Results the shows  $H_1$  accepted because  $T$  count  $> T$  table and  $p$ -value  $< 0.05$ . The conclusion is that between the two variables is accepted because there is a positive and significant influence from empowering leadership on psychological empowerment. It is also supported by research similar to Darmayanti (2021); Sari (2023); Fernanda (2024) which obtained influential Empowering leadership positive And significant to psychological empowerment. It means, the more Good empowering leadership that is applied by the leadership in the company will provide impact Good also to psychological empowerment employee.

Testing variable self efficacy Also influential positive and significant to employer creativity  $T$  test results of  $T$  count  $5,708 > T$  table  $1.979$  and  $p$ -value  $0.000 > 0.05$ . These results show that it is accepted because  $T$  count  $> T$  table and  $p$ -value  $< 0.05$ . Conclusion the show received empowering leadership to psychological empowerment. with positive and significant results. Research similar to Musadieg (2016); Endarwati (2022) Also show self efficacy influential positive and significant to psychological empowerment. So moment self efficacy Which applied by employee in company will give impact Good also to psychological empowerment. Self-efficacy, or the belief that one can successfully complete tasks and overcome obstacles, has a major influence on psychological empowerment. High self-efficacy lowers stress and anxiety by increasing optimism and confidence. It improves performance and motivation, strengthens emotional control, and facilitates successful problem-solving. Increased proactive problem-solving, acceptance of growth and learning, and capacity to cope with challenges at work and in life result from this. Self-efficacy strengthens psychological empowerment by fostering positive self and environmental perceptions (Jordan, 2017)

From results testing variable employer creativity to psychological empowerment has a positive and significant effect with the results of T count  $7.385 > 1.979$  T table and  $p\text{-value } 0.000 < 0.05$ . Results the show accepted Because T count  $>$  T table and  $p\text{-values } < 0.05$ . Conclusion the show received psychological empowerment to employer creativity with results Which positive and significant. Study similar Also done by Knezovic & Musrati (2018) which shows psychological empowerment of employer creativity influential positive and significant on company. It means, the more good The psychological empowerment that exists in employees will have a good impact on employees employer creativity.

### **Indirect Effects**

Table 6. Results Analysis Test Line Influence Direct

	Q Statistics	P Values	Information
Empowering leadership -> Psychological Empowerment -> Employer Creativity	2,268	0.024	Accepted
Self Efficacy -> Psychological Empowerment -> Employer Creativity	4,222	0.000	Accepted

Based on testing variables empowering leadership through psychological empowerment of employer creativity at PT. Wiharta Karya Agung pointed out positive and significant effect with the result T hcount  $2.268 >$  T table  $1.979$  and  $p\text{-value } 0.024 < 0.05$ . This means that psychological empowerment can mediate empowering leadership towards employer creativity at PT. Wiharta Karya Agung. Research by Alif & Nastiti (2022) too show that empowering leadership through psychological empowerment to emp An empowering leadership style encourages employee creativity by giving them autonomy in decision-making and control over their work. This autonomy allows them to explore new ideas and innovate without fear of rejection or punishment. Psychological empowerment increases employees' confidence in expressing creative ideas, which leads to more innovative solutions. Empowering leaders also provide opportunities for skill development, which influences creativity. This fosters an inclusive and collaborative work environment where creative ideas are supported and valued, resulting in unique and competitive ideas.

Based on self-efficacy testing through psychological empowerment to employer creativity at PT. Wiharta Karya Agung shows positive influence and significant with results T count  $4,222 >$  T table  $1,979$  And  $p\text{-values } 0.000 < 0.05$ . It means psychological empowerment can mediate self efficacy to employer creativity in PT. Wiharta Work Great. Research by Widodo (2019) Also show that self efficacy through psychological empowerment to employer creativity influential positive And significant. Employee creativity in an organizational environment is strongly influenced by self-efficacy, or a person's confidence in their ability to achieve. Employees are more willing to innovate when they feel empowered to generate original ideas and complete difficult work. This idea is supported by psychological empowerment, which includes autonomy, support, and recognition of personal effort. Employees are more willing to explore ideas without worrying about receiving unpleasant feedback when they feel that their coworkers and superiors encourage them. Psychological empowerment gives employees the ability to exercise initiative and control over their work, thus stimulating creativity. Self-efficacy with psychological empowerment increases motivation and inventiveness, which enhances an organization's capacity to adjust and thrive in a rapidly changing environment.

## **5. Conclusion**

This study concludes that empowering leadership has a positive and significant influence on employee creativity in Indonesia. This suggests that when leaders delegate responsibility, provide support, and encourage initiative, employees are more likely to generate creative ideas. In contrast, self-efficacy does not have a significant influence on employee creativity, signaling that individuals'

confidence in their own abilities does not directly increase their creativity. However, both empowering leadership and self-efficacy were shown to have a positive and significant influence on employees' psychological empowerment. Furthermore, psychological empowerment was shown to play a significant mediating role in the relationship between empowering leadership and employee creativity, as well as between self-efficacy and employee creativity. This indicates that employees' feelings that they are psychologically empowered are of key importance in enhancing their creativity. The results of this study have several practical implications for corporate management in Indonesia. First, organizations should adopt an empowering leadership style to enhance employee creativity. Leaders should encourage initiative, provide ongoing support, and delegate responsibilities effectively. Second, although self-efficacy does not directly affect creativity, organizations should still support the development of employee confidence through training and skills development, as self-efficacy contributes to psychological empowerment. Third, companies should create a psychologically empowering work environment by ensuring employees feel they have control over their work, are involved in decision-making, and are valued for their contributions. By implementing these strategies, organizations can enhance employee creativity which in turn can drive innovation and competitive advantage.

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