




Facilitating employee excellence: A study on the mediating role of organizational virtuousness and individual creativity in Surabaya's finance company, Indonesia

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ABSTRACT

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J24; M12; O15.

The purpose of this study is to investigate the impact of authentic leadership capabilities and managerial coaching skills on individual performance, taking into account organizational virtuousness and individual creativity as mediating variables among financial sector workers in Surabaya City, Indonesia. The sample of this study comprises 384 respondents from finance firms in Surabaya, collected through a survey distributed via Google Forms. The analysis employed Structural Equation Modeling (SEM) using Smart PLS to examine the data. The research findings indicate a positive and significant correlation between authentic leadership and employee performance within Surabaya's financial sector. Conversely, a manager's coaching skills do not have a significant impact on individual performance. Organizational virtuousness emerged as a mediator in the relationships between authentic leadership, managerial coaching skills, and individual performance, emphasizing its role in enhancing employee performance. Additionally, individual creativity acted as an intermediary in the relationship between managerial coaching skills and individual performance. Therefore, managerial recommendations include promoting authentic leaders who endorse ethical practices within the organization and encouraging innovative work among employees to improve overall performance standards.

Contribution/Originality: This research proposes a new model based on social exchange theory that focuses on variables such as authentic leadership, managerial coaching skills, organizational virtuousness, individual creativity, and individual performance. This research combines the mediating variables of organizational virtuousness and individual creativity to investigate how authentic leadership and managerial coaching skills influence individual performance in the work environment. Through this new approach, it is hoped that unique ways can be found to improve employee performance by emphasizing the importance of organizational priorities, honesty, and trust in leadership.

1. INTRODUCTION

In the current era of competitive globalization, hiring and nurturing skilled employees with leadership abilities is more important than ever. Businesses strive to develop teams whose competency is complemented by leadership qualities that are essential to achieving business goals. The level of quality in an employee's performance is largely dependent on internal factors within the company, which means that a successful business outcome highly relies upon these determinants. Despite many studies conducted, there still exists a gap in understanding how policies on

leadership can effectively enhance the performance of employees. Thus, through this research, we aim at better understanding such roles: we investigate how leadership plays a pivotal part in nurturing individual growth as well as fostering development within organizations.

This research proposes a new model based on social exchange theory that focuses on variables such as authentic leadership, managerial training skills, organizational virtuousness, individual creativity, and individual performance. This research combines the mediating variables of organizational virtuousness and individual creativity to investigate how authentic leadership and managerial coaching skills influence individual performance in the work environment. Through this new approach, it is hoped that unique ways can be found that can improve employee performance by paying attention to the importance of organizational virtue, honesty, and trust in leadership.

Authentic leadership is seen as the foundation for a positive leadership approach, which has been proven to improve individual employee performance and impact company performance, and is an interesting research subject. In addition, managerial coaching skills are also needed in modern organizations because employee coaching can effectively improve individual performance, creating research potential that explores its impact in a competitive business environment. There is research space that needs to be further explored regarding the specific impact of authentic leadership and managerial coaching skills on individual performance, organizational virtuousness, and individual creativity. The concepts of organizational virtuousness and individual creativity, which are fostered through good leadership and manager training, can improve individual performance and have a positive impact on the organization as a whole.

Therefore, the proposed conceptual framework model, which focuses on the relationship between authentic leadership, management coaching skills, organizational virtuousness, individual creativity, and employee performance in the rapidly growing Indonesian financial industry, will help improve organizational performance. These findings can provide new insights regarding sustainability enhancement.

The conceptual framework model, which is a product of replication and modification, will undergo testing on employees from 47 finance companies located in Surabaya. This testing will be conducted by taking into account the various types of goods and guarantees provided by finance companies, as well as considering the growth of the Indonesian economy. The rapid growth in the number of finance companies indicates a research gap related to strategies in anticipating increasingly tight business competition, creating novelty in this research with a focus on the dynamic business environment in the city of Surabaya, Indonesia.

The structure of this paper consists of the first section, which explains the background of this research; the second section, which explains the theory or previous research used as a reference; the third section, which explains the stages of this research process; the fourth section, which explains the findings of the research and its discussion; and the last section, which is the conclusion of this research.

2. THEORETICAL FRAMEWORK

Social Exchange Theory (SET) provides an understanding of social connections through offering exchange and benefits, with predictions about sustainability and factors that influence these exchanges. Earlier sociologists have discussed the foundational concepts of SET. SET has been refined through recent critiques and developments, thus allowing for a greater application and understanding of this theory. Jeong and Oh (2017) introduce power dependence as a complex network of cause-and-effect relationships within social exchanges. Moreover, Cook, Cheshire, Rice, and Nakagawa (2013) argued that SET fails to explain many important issues such as conflict or change in society since people involved in social exchanges mostly act because they are driven by emotions, values, or norms rather than being rational calculators. This critique has resulted in more sophisticated theories that reflect broader societal dynamics.

Recent studies have expanded the scope of applications for SET. For instance, their study on servant leadership found that SET helps to understand how certain positive leadership behaviors influence employee engagement via

trust and reciprocity mechanisms (Zhou, Gul, & Tufail, 2022). Additionally, another research project linked SET with information systems literature to examine the impacts of enterprise social media adoption on employee creativity at work, besides realizing some social and psychological functions.

Authentic leadership refers to behavioral expectations that emphasize that the leader's personality can affect group performance (Robbins & Judge, 2008). The emphasis is on the leader's possessive behavior and their capacity to successfully influence their followers. Later investigations appear to show that authentic leadership has a positive effect on mental, behavioral, and developmental outcomes (Walumbwa, Avolio, Gardner, Wernsing, & Peterson, 2008). True leaders are characterized by positive mental capacity, relational transparency, and the ability to inspire employees to act empathetically within the work environment (Ribeiro, Yücel, & Gomes, 2018). According to Peus, Braun, and Frey (2015), authentic leadership is influenced by the leader's self-knowledge and self-consistency, namely broad self-awareness and consistency of values with the actions taken. Most importantly, authentic leadership includes transparency, honesty, and the leader's ability to build strong relationships within the organization (Laschinger, Wong, & Grau, 2013). Genuine leaders must create a positive climate where employees feel valued, engaged, and motivated to perform their best (Peus et al., 2015; Ribeiro et al., 2018). Effective management practices are, therefore, the foundation for building trust, transparency, and organizational growth within the workplace.

Several research studies have explored the correlation between effective leadership and individual performance. According to Duarte, Ribeiro, Semedo, and Gomes (2021), authentic leadership is linked to improved individual performance, with affective commitment playing a mediating role in this connection. Additionally, Ribeiro et al. (2018) have also validated the positive impact of good leadership on individual performance, while affective commitment acts as a mediator. Furthermore, Alzghoul, Elrehail, Emeagwali, and AlShboul (2018) found that positive leadership influences creativity and individual performance, with a positive work climate mediated by positive leadership. Other studies, such as Zeb, Rehman, Imran, Ali, and Almansoori (2020) and Ali, Shahzad Mushtaq, Maqbool, and Khalid (2021), demonstrate that effective leadership also enhances employee performance. These studies examine different contexts and utilize organizational commitment and high-performance human resource practices to explain the relationship.

Managerial skills development, or managerial coaching skills, is defined as line manager intervention aimed at improving employee skills, competencies, and performance (Beattie et al., 2014). Skilled managers in training emphasize individual development and teamwork to facilitate innovation in the work environment (Rousseau, Aubé, & Tremblay, 2013). By focusing on open communication, providing feedback, and fostering individual growth, leadership practices help create stronger relationships between managers and team members, thereby enhancing overall performance (Ellinger & Bostrom, 1999; Kinicki, Jacobson, Galvin, & Prussia, 2011). Coaching enables managers to interact effectively with team members, resulting in constructive feedback, improved performance, and the establishment of shared goals (Dahling, Taylor, Chau, & Dwight, 2016; Park, McLean, & Yang, 2021). These skills also include a manager's ability to expand team members' ideas, promote collaboration, and foster individual development to ensure team members feel valued and heard in the work environment (Shuffler, Diazgranados, Maynard, & Salas, 2018). Consequently, management skills training not only enhances individual performance but also plays a crucial role in team development and the achievement of common goals.

The principle of organizational virtue emphasizes the importance of moral goodness, human influence, and selfless social contribution as integral to the highest human aspirations in organizational design (Bright, Cameron, & Caza, 2006). Ultimately, organizational excellence involves the integration of all aspects of an organization, from individual behavior to organizational culture and activities, aimed at promoting quality and sustainable development. Evidence demonstrates that subjective well-being plays a partial mediating role in the relationship between organizational virtuousness and performance, while also serving as a moderator in the connection with leadership. Conversely, a study conducted by Ahmed, Rehman, Ali, Ali, and Anwar (2018) validated that organizational virtuosity positively influences employee psychology and performance, with mediation through well-being and work

engagement. Dubey, Ruparel, and Choubisa (2020) found that good organizational behavior and psychological capital can predict personal and managerial performance, while organizational behavior enhances the psychological state of employees and overall performance. Organizational morality, or organizational behavior, refers to individual actions, collective actions, and cultural attitudes that promote the diffusion and maintenance of good behavior within the organization (Cameron, Bright, & Caza, 2004). This concept includes two main aspects: kindness in organizations, which relates to individual behavior supporting personal development, and kindness across different organizations, which focuses on building and maintaining good values in the organizational environment (Bright et al., 2006). As part of the highest human aspirations for organizations, the principle of organizational virtue emphasizes moral goodness, human influence, and selfless social contribution (Bright et al., 2006; Fernando & Sim, 2011). Ensuring quality and sustainability within an organization requires the integration of all aspects, from individual behavior to organizational culture and activities.

Creativity is a vital aspect of organizational dynamics, involving the generation of new and useful ideas that contribute to innovation (Amabile & Pratt, 2016). Recent research highlights that creativity within organizations is crucial for managing change, enhancing efficiency, and ensuring organizational survival (Anderson, Potočnik, & Zhou, 2014). This process is closely linked to human cognition, which facilitates the emergence of new ideas and promotes authentic self-expression (George, 2007). Ongoing research underscores the importance of creativity for organizational sustainability, emphasizing the development of original ideas that add significant value (Fisher & Barrett, 2019). Employee creative abilities not only enhance responsiveness to opportunities and organizational effectiveness but also bolster business competitiveness and innovation (Amankwah-Amoah, Khan, & Wood, 2021; Desouza & Awazu, 2006).

Performance is not only the end result of behavior but also includes the behavior itself, which differentiates between performance, efficiency, and productivity. Performance represents people's actions, whereas efficiency evaluates work results, and productivity refers to the ratio of performance to the maximum level of performance. Employee performance is the achievement of a person's work in accordance with the duties and responsibilities given (Nixon, Mazzola, Bauer, Krueger, & Spector, 2011). Satisfaction is an emotional response to the work environment that can influence employees' positive behavior towards work and work relationships. Performance includes aspects of quality and quantity in carrying out tasks in accordance with the responsibilities assigned (Kim & Jeong, 2020). In total, people's performance refers to the achievement of employee work results within a certain time limit by observing the work standards established by the organization.

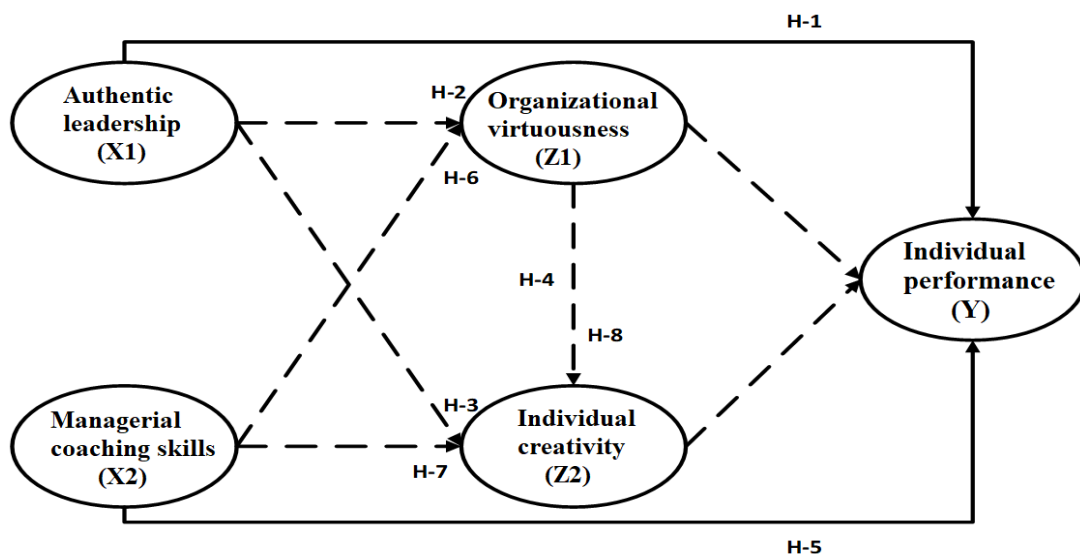


Figure 1. Conceptual framework.

Base on authentic leadership aspect (Ali et al., 2021; Duarte et al., 2021; Hadian Nasab & Afshari, 2019) managerial coaching skills (Grohmann & Kauffeld, 2013; Lacerenza, Reyes, Marlow, Joseph, & Salas, 2017; Raza, Ali, Ahmed, & Moueed, 2017; Shahid & Muchiri, 2019; Tanskanen, Mäkelä, & Viitala, 2019) organizational virtuousness (Barkhordari-Sharifabad, Ashktorab, & Atashzadeh-Shoorideh, 2018; Bright et al., 2006; Shahid & Muchiri, 2019; Wright & Goodstein, 2007) individual creativity (Alzghoul et al., 2018; Duarte et al., 2021) and performance (Ali et al., 2021; Alzghoul et al., 2018; Duarte et al., 2021; Hadian Nasab & Afshari, 2019; Raza et al., 2017; Shahid & Muchiri, 2019; Tanskanen et al., 2019) the proposed research distinguishes itself by integrating multiple variables (authentic leadership, managerial training skills, organizational virtuousness, individual creativity, and individual performance) within the framework of Social Exchange Theory. It aims to provide a more comprehensive understanding of how these variables interact and influence each other, going beyond the scope of previous studies that typically focused on one or two variables in isolation. With the combination of leadership, training, organizational culture, and creativity, this new model attempts to improve individual performance.

Figure 1 shows that there are four critical factors affecting individual performance (Y), including (1) Authentic Leadership (X1); (2) Managerial Coaching Skills (X2); (3) Organizational Virtuousness (Z1); (4) Individual Creativity (Z2).

The conceptual framework above yielded the following eight hypotheses:

H₁: Authentic leadership has a significant and positive effect on the individual performance of finance company employees in the city of Surabaya.

H₂: Organizational virtuousness mediates the influence of authentic leadership on the individual performance of finance company employees in the city of Surabaya.

H₃: Individual creativity mediates the influence of authentic leadership on the individual performance of finance company employees in the city of Surabaya.

H₄: Organizational virtuosity and individual creativity mediate the influence of authentic leadership on the individual performance of finance company employees in the city of Surabaya.

H₅: Managerial coaching skills have a significant and positive effect on the individual performance of finance companies in the city of Surabaya.

H₆: Organizational virtuousness mediates the influence of managerial coaching skills on the individual performance of finance company employees in the city of Surabaya.

H₇: Individual creativity mediates the influence of managerial coaching skills on individual performance of finance company employees in the city of Surabaya.

H₈: Organizational virtuousness and individual creativity mediate the influence of managerial coaching skills on the individual performance of finance company employees in the city of Surabaya.

3. RESEARCH METHODOLOGY

3.1. Design of the Study

This study employed a quantitative design. Data were collected by distributing online surveys to respondents. The surveys used a Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree), which respondents selected to indicate their agreement with certain topics.

3.2. Sample and Data

The data was obtained from questionnaires distributed to employees of financial institutions in Surabaya who met certain criteria. The study population includes 47 companies with 129 branches in an unlimited number of areas. Using the Lameshow method with a 5% sampling error and objective sampling, the sample size was determined. This research uses primary data collected directly from questionnaires distributed to respondents through Google Sheets. Descriptive analysis was conducted to obtain a clear picture of the problem studied.

3.3. Measures

The AL measurement consists of four indicators derived from (Walumbwa et al., 2008). The MCS measurement comprises five indicators sourced from (Park et al., 2021). The OV measurement includes five indicators sourced from (Cameron et al., 2004). The IC measurement consists of four indicators originating from (Torr, 2011). The IP measurement comprises five indicators sourced from (Joyce, 2003).

3.4. Data Analysis Procedure

Data analysis employs the method of partial least squares (PLS), specifically SEM-PLS, a causal model that describes the relationships between variable orders. The SEM-PLS analysis has two types: the external model, which represents the explanatory variables, and the internal model, which shows the estimated relationships between the variables and the constructs.

4. RESEARCH RESULTS AND DISCUSSION

4.1. Respondent Descriptive

This research indicates that the majority of respondents are male (91.93%) compared to female (8.07%). Most respondents are aged 21-25 years (73.70%), followed by those aged 26-30 years (26.04%), and 18-20 years (0.26%). The educational background of most respondents is at the university level (S1) (96.09%), with smaller proportions holding master's degrees (S2), diplomas (D3) (1.82% each), and secondary education (0.26%). The tenure of most respondents ranges from 1 to 5 years (75.52%), followed by less than 1 year (18.23%), and 6 to 10 years (6.25%). The respondents include sales staff and collection staff; sales staff constitute 59.90% (230 respondents), while collection staff account for 40.10% (154 respondents). The study focuses on workers and contracts, with 67.19% of respondents being permanent employees.

4.2. Outer Model Testing

The purpose of the convergent validity test is to assess the accuracy of the relationship between each indicator and the construct or latent variable. Convergent validity refers to the idea that a group of indicators represents a single latent variable and serves as the foundation for that variable. When using reflexive indicators, the convergent validity of the measurement model is checked by examining the correlation between the item score or component score and the estimated latent variable score or construct score. This is performed with the Smart PLS program. The Figure 2 displays the calculation results of the SEM PLS model.

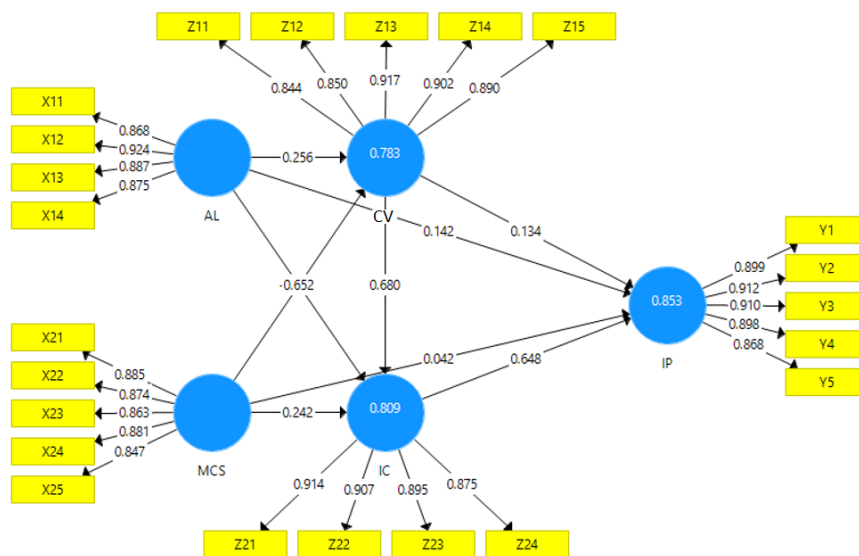


Figure 2. Outer loading value.

Based on the Figure 2, the outer loading indicator values for the variables authentic leadership, managerial coaching skills, organizational virtuousness, individual creativity, and individual performance have an outer loading value for each indicator item of more than 0.7, which shows that the indicator statements for each variable are valid and can be used for further tests.

The ultimate assessment of the external model included conducting reliability tests. These tests were designed to evaluate the stability of measurements for the variables used in the structural model. In PLS, reliability testing was performed using two methods: examining the composite reliability value and Cronbach's alpha for each variable. A variable is considered to have achieved composite reliability if both its composite reliability and Cronbach's alpha values are above 0.70.

Table 1. Convergent validity and reliability test results.

Description	Cronbach's alpha	Composite reliability	AVE
AL	0.911	0.938	0.790
IC	0.920	0.943	0.806
IP	0.940	0.954	0.806
MCS	0.920	0.940	0.757
OV	0.928	0.945	0.776

Table 1 presents the Composite Reliability and Cronbach Alpha values for each research variable utilized in the model. According to Muijs (2022), an AVE value above 0.50 is recommended. It is evident that all AVE values exceed 0.5, signifying that they meet the validity criteria based on AVE. Subsequently, reliability testing was conducted based on the Composite Reliability (CR) value above 0.7. Notably, all CR values surpass 0.7, indicating that they meet the reliability criteria based on CR. The reliability test then proceeded with the evaluation of Cronbach's alpha (CA) value. Sarstedt, Ringle, and Hair (2021) recommend a CA value above 0.70. All CA values were observed to be greater than 0.7, thus demonstrating the internal consistency of the instrument. These metrics collectively affirm that the instrument is valid for further analysis.

4.3. Inner Model Testing

4.3.1. Direct Effect Test

Hypothesis testing using Smart PLS involves bootstrapping to generate an inner model path analysis scheme. The results of hypothesis testing are determined by examining the direction of influence of the original sample value and the significance of the P-value. The direct effect test analyses the direct influence of an exogenous variable on an endogenous variable. In this study, the direct effect test assessed the impact of authentic leadership on individual performance, as well as the impact of managerial coaching skills on individual performance.

Table 2. Hypothesis direct effect test result.

Hypothesis	Variable	Original sample	P value	Decision
H1	AL → IP	0.142	0.004*	Accepted
H2	MCS → IP	0.042	0.437	Rejected

Note: * p < 0.05.

Authentic leadership has a significant and positive influence on individual performance of Surabaya City Financing Company employees.

Table 2 presents the statistical results, the original sample value AL → IP = 0.142 (positive) with P-Value = 0.004 (< 0.05), showing that Authentic Leadership has a positive and significant influence on Individual Performance, so hypothesis H1 is accepted. This illustrates that honest and transparent behavior in leadership contributes to improving individual employee performance.

The findings of the study provide evidence in favor of social exchange theory, indicating that genuine leadership can greatly impact individual performance in a positive manner by fostering an environment of transparency and integrity. When leaders and employees establish a relationship built on trust and effective communication, it yields fruitful outcomes; it drives better motivation and performance. The fact that people gave the most positive answers to questions about relational transparency, balanced processing, and interpersonal impact shows how important an honest attitude and a leader's ability to solve problems in an objective way are for making the workplace a peaceful place to be. Through this approach, honest leaders can facilitate constructive dialogue, handle conflict fairly, and create a work atmosphere that supports improved individual employee performance.

The research results support social exchange theory, where authentic leadership, which is characterized by a transparent relationship attitude and a balanced process in decision-making can have a positive impact on individual performance. The highest response from respondents to these indicators shows the importance of these aspects in creating a harmonious and productive work environment. Through this approach, leaders can generate positive interpersonal impacts, resolve conflicts fairly, and create a work atmosphere that supports improving individual employee performance as a whole.

Furthermore, the outcomes of this study also corroborate the previous discoveries made by various researchers (Ali et al., 2021; Alzghoul et al., 2018; Duarte et al., 2021; Hadian Nasab & Afshari, 2019; Ribeiro et al., 2018; Zeb et al., 2020). These findings provide evidence that authentic leadership plays a significant and positive role in enhancing the performance of individual employees. Consequently, a leader's ability to demonstrate integrity, transparency, and sound decision-making skills can establish a mutually advantageous rapport between the leader and their subordinates, ultimately leading to an overall improvement in individual performance.

Managerial coaching skill has a positive but insignificant influence on individual performance of Surabaya City Finance Company employees.

Table 2 presents the original sample statistical data ($MCS \rightarrow IP = 0.042$ (positive), $P\text{-Value} = 0.437 (> 0.05)$), it can be seen that the managerial coaching skills variable positively influences individual performance, but not significantly so hypothesis H5 must be rejected. The results of hypothesis testing show that managerial coaching skills do not have a significant impact on individual performance, possibly because the relationship is too close between leaders and subordinates. This situation can have negative impacts such as conflicts of interest and a lack of assertiveness from leaders towards their subordinates, which in the end can also affect strategic decision-making at work.

In the context of responses from respondents, there are certain indicators that received the highest response, such as facilitating development and accepting ambiguity. Facilitating development describes a leader's ability to develop employee abilities, while accepting ambiguity shows the ability to accept uncertainty in the work environment. Conversely, the quantity indicator, which prioritizes quantifiable work results, garnered the least response. This data indicates that leaders' actions to develop employee abilities often have a negative impact on the amount of work produced by employees.

This research shows incompatibility with social exchange theory. Employees feel less helped in developing their abilities because the leader's competence is considered weak. This causes employees to feel less than optimal at work because there is a lack of adequate support and guidance from their leaders. Thus, leaders who are not considered competent can become an obstacle to employee performance and reduce their motivation and productivity.

This finding is different from several previous studies, such as Kim and Kuo (2015), which also showed that managerial coaching skills did not have a significant effect on individual performance. Contradictions also occur with the results of other research, which supports the positive and significant influence of managerial coaching skills on individual employee performance, such as (Ali et al., 2021; Raza et al., 2017; Tanskanen et al., 2019).

4.3.2. Indirect Effect Test

The mediation test, also known as the indirect effect test, is conducted to examine the hypothesis regarding the impact of an exogenous variable on an endogenous variable with the involvement of other endogenous variables as mediators. The direct effect test in this study looked at how authentic leadership and managerial coaching skills affected individual performance by taking into account the variables of organizational virtue and individual creativity.

Table 3. Hypothesis indirect effect test result.

Hypothesis	Variable	Original sample	P value	Decision
H2	AL → OV → IP	0.034	0.155	Rejected
H3	AL → IC → IP	-0.000	0.996	Rejected
H4	AL → OV → IC → IP	0.113	0.002*	Accepted
H6	MCS → OV → IP	0.087	0.144	Rejected
H7	MCS → IC → IP	0.157	0.003*	Accepted
H8	MCS → OV → IC → IP	0.288	0.000*	Accepted

Note: * p < 0.05.

Organizational virtuousness does not mediate the influence of authentic leadership on individual performance of Surabaya City Financing Company employees.

Table 3 presents the original sample values $AL \rightarrow OV \rightarrow IP = 0.034$ (positive) and P-Value = 0.155 (> 0.05), the organizational virtuousness variable does not significantly mediate the effect of authentic leadership on individual employee performance in finance companies in Surabaya City, so H2 is rejected. The most positive responses came from people who were asked about relational transparency, balanced processing, and interpersonal impact. This shows how important it is to be honest, solve problems objectively, and treat others with respect at work. However, the integrity indicator of organizational virtuousness received the lowest response, giving an illustration of a lack of conformity between honest values and practical employee behavior.

Respondents' answers show that leaders who are able to facilitate constructive dialogue and resolve problems fairly can create a harmonious work environment, supporting increased individual employee performance. Despite this, dishonest behavior still occurs among employees, creating new conflicts and friction. Several cases of fraud, such as accepting bribes from potential customers, manipulating applications, and misuse of installment funds by employees, are still problems that are detrimental to the company.

The implementation of organizational virtuousness, which is already good in theory, has not been fully reflected in practice, resulting in a mismatch between the values upheld and the real actions of employees. The high number of cases of fraud and irregularities indicates the need for more consistent implementation of the organization's core values. Employee dissatisfaction with welfare and incentives also encourages fraudulent intentions to carry out detrimental actions. This finding contradicts several previous studies that highlight the potential mediation of organizational virtuosity between authentic leadership and individual employee performance.

This finding is in contrast to research by Rego, Reis Júnior, and Pina e Cunha (2015), which shows that organizational virtuosity can mediate the relationship between authentic leadership and performance. Shahid and Muchiri (2019) also proposed the potential of organizational virtuousness in mediating this relationship, but the results of this research show the inability of organizational virtuousness to mediate this relationship.

Individual creativity does not mediate the influence of authentic leadership on the individual performance of Surabaya City Financing Company employees.

Table 3 presents the statistical results; it can be concluded that the individual variable creativity does not significantly mediate the relationship between authentic leadership and individual employee performance in finance companies in the city of Surabaya. The negative original sample value (-0.000) with a P-value of 0.996 indicates a negative but not significant effect. This may be caused by a lack of variety in the monotonous work approach of most

employees, as well as a lack of motivation or encouragement to develop creative ideas that have the potential to improve performance.

In certain indicators, such as relational transparency and balanced processing, which received the highest response from respondents, it is clear that the leader's authentic attitude is important in creating a harmonious work environment. However, the interpersonal impact indicator, which also received a high response, highlights the ability to respect each other and work together positively. On the other hand, individual creativity indicators such as originality, which should describe an individual's ability to find new ways, actually received the lowest response, indicating a lack of innovation and creativity in carrying out tasks.

Incompatibility with social exchange theory is clearly visible through employee behavior, which tends to be stagnant and less motivated to achieve maximum performance. Even though leaders try to provide constructive solutions, their implementation often does not match the reality on the ground, which eventually can result in fraud or employee dishonesty. Conflicts that arise from gaps between employee expectations and work realities can become obstacles to improving individual performance and cause new frictions in the work environment.

This finding contradicts previous studies such as Duarte et al. (2021) which also indicate that individual creativity does not act as a mediator between authentic leadership and individual performance. However, it differs from the research conducted by Ribeiro et al. (2018) which confirms that creativity can indeed mediate the relationship.

Organizational virtuousness and individual creativity mediate the influence of authentic leadership on individual performance of Surabaya City Financing Company employees.

Table 3 presents the statistical results ($OV \rightarrow IC \rightarrow IP = 0.113$ (positive), $P\text{-Value} = 0.002 (< 0.05)$), the variables organizational virtuousness and individual creativity has demonstrated a clear and substantial impact on facilitating the connection between authentic leadership and individual performance within finance firms located in Surabaya City. This indication shows that authentic leadership carried out honestly and openly can create a positive organizational climate, encourage employee creativity, and ultimately improve individual performance.

Respondents in this research gave the highest responses were given for certain indicators such as relational transparency, balanced processing, and interpersonal impact. Relational transparency describes the leader's authenticity in building trust, while balanced processing shows the leader's ability to solve problems objectively. Apart from that, interpersonal impact, which emphasizes mutual respect and cooperation, also received a high response, indicating the importance of a harmonious and collaborative atmosphere in the work environment.

Exploring social exchange theory, the results of this study contradict the findings of one-step mediation in the second and third hypotheses. Even though mediation does not occur at a certain level, employee optimism and flexibility apparently play an important role in increasing constructive dialogue, finding suitable solutions, and resolving conflicts at work. This positive contribution broadly supports leaders' efforts in facilitating improvements in individual employee performance through creative ideas.

The study backs up earlier research that showed how important individual creativity is for improving performance (Chang & Teng, 2017; Ismail, Iqbal, & Nasr, 2019; Semedo, Coelho, & Ribeiro, 2016).

Organizational virtuousness does not mediate the influence of managerial coaching skills on Individual Performance of Surabaya City Financing Company employees.

Table 3 presents the statistical data ($MCS \rightarrow OV \rightarrow IP = 0.087$ (positive), $P\text{-Value} = 0.144 (> 0.05)$). It is evident that the organizational virtuousness variable acts as a mediator between managerial coaching skills and individual performance, exerting a positive but insignificant impact. Consequently, hypothesis H6 is rejected. The findings of the hypothesis test indicate that while organizational virtuousness is expected to mediate the connection between managerial coaching skills and individual performance, in the context of this research, the competence of leaders in creating a good and effective work environment is doubted by employees.

From the respondents' responses, the indicators facilitating development and accepting ambiguity received the highest response. Facilitating development describes the leader's ability to recognize opportunities for developing

employee abilities, while accepting ambiguity shows the leader's capacity to accept uncertainty in work. On the other hand, the quantity indicator, which emphasizes measurable work results, received the lowest response, indicating that leaders' efforts to develop employee abilities can come at the expense of the quantity of work produced.

Respondents' responses also highlighted the lack of employee integrity, especially in terms of honesty, which ultimately affects the achievement of the vision and goals desired by leaders or superiors. When the paradigm and motivation between leaders and subordinates are not in line and there is a lack of collaborative steps, achieving company goals is hampered. This research confirms that the support provided to employees, such as supporting appropriate decision-making and effective business strategies, is very important to improve their performance, but a lack of this can trigger a loss of trust from employees in their leaders.

Individual creativity mediates the influence of managerial coaching skills on individual performance of Surabaya City Financing Company employees.

Table 3 presents the statistical data ($MCS \rightarrow IC \rightarrow IP = 0.157$ (positive), $P\text{-Value} = 0.003 (< 0.05)$), it is proven that the individual creativity variable mediates the influence of managerial coaching skills on individual performance positively and significantly, so that hypothesis H7 is accepted. The results of the hypothesis test show that individual creativity can be a link between managerial coaching skills and individual performance in finance companies in the city of Surabaya, confirming that leader competence can encourage employees to express creative ideas and improve their performance.

The most responses came from facilitating development and accepting ambiguity indicators. Both of these interpretations showed how well the leader could help employees grow and deal with the uncertainty of the workplace. Apart from that, the interpersonal impact and flexibility indicators also received a positive response, showing the importance of relationships of mutual respect and cooperation between superiors and subordinates, as well as the individual's ability to consider various solutions to solving problems.

Respondents' responses reflect the success of leaders or superiors in empowering employees to be flexible in finding solutions to work tasks while creating a work environment full of goodwill and mutual respect. Direct assistance from leaders to employees, especially those who have just joined, is also seen as important as a way to encourage the exchange of ideas and inspiration, which leads to increased employee creativity and performance.

This research supports social exchange theory, which emphasizes the importance of mutually beneficial exchanges between leaders and employees. Leaders who have the right competencies are able to encourage employees to create new ideas, which will ultimately improve individual performance positively. Thus, the results of this research underline how vital the role of leader competence is in inspiring employees to achieve optimal performance through creativity and strong collaboration.

Organizational virtuousness and individual creativity mediate the influence of managerial coaching skills on individual performance of Surabaya City Financing Company employees.

Table 3 presents the statistical results; it is known that the original sample ($MCS \rightarrow OV \rightarrow IC \rightarrow IP = 0.288$ (positive) with $P\text{-Value} = 0.000 (< 0.05)$), shows that organizational virtuosity and individual creativity have a positive and significant influence. This variable is considered to mediate the relationship between authentic leadership and individual performance positively and significantly, so that hypothesis H8 is accepted. Hypothesis testing confirms that managerial coaching skills are related to individual performance of finance company employees in the city of Surabaya through the mediation of organizational virtuousness and individual creativity.

Respondents' responses revealed that the indicators that received the highest response included facilitating development, accepting ambiguity, interpersonal impact, optimism, and flexibility. Facilitating development is interpreted as the leader's ability to develop employees, while accepting ambiguity is interpreted as the leader's resilience in facing uncertainty. The interpersonal impact indicator reflects the importance of good cooperation, while optimism and flexibility indicate positive beliefs and the ability to consider alternative solutions.

The results of the two-step mediation test show that leaders' actions in developing employee abilities can help reduce situations of uncertainty in the work environment. This allows employees to look for various solutions to solve problems, increases optimism, and ultimately contributes to improving individual performance. This research supports social exchange theory by showing that competent leaders can stimulate employees with positive stimuli, encourage creative ideas, and produce effective performance improvements within the company.

5. CONCLUSIONS

The findings of the study validate that authentic leadership plays a crucial role in enhancing the performance of finance company employees in Surabaya. Leaders who exhibit traits such as honesty, openness, integrity, and consistency are successful in earning the trust of their teams, thereby boosting individual performance. It was seen that organizational virtue does not act as a bridge between authentic leadership and individual performance. This suggests that we need to look into other factors that maybe more important. Similarly, individual creativity does not act as a mediator between authentic leadership and individual performance, highlighting the importance of delving into additional aspects that affect employee performance in finance companies.

On the other hand, when organizational virtuousness and individual creativity work together, they can mediate the relationship between managerial coaching skills and individual performance. Managerial competencies that promote organizational virtuousness and individual creativity have a positive effect on enhancing individual employee performance. Hence, it is imperative for leaders to cultivate managerial coaching skills that foster organizational virtuousness and individual creativity to enhance the performance of finance company employees in Surabaya, Indonesia.

5.1. Implications

It is essential to cultivate authentic leadership characterized by honesty and transparency in addressing workplace conflicts. Crucially, every organization should assist in spreading the values of virtue and the boundaries of employee freedom while also conducting regular performance assessments to refine leadership strategies and leader effectiveness.

5.2. Limitations and Future Research Direction

This research has several limitations, which will provide opportunities for other researchers to conduct scientific research with broader limitations. Limitations of this research include the fact that the research was conducted specifically in one industrial sector, namely finance companies, and this research was conducted in one city in Indonesia, namely Surabaya.

Future researchers can dig deeper into how organizational virtuousness can influence employee performance. Carrying out case studies in several other companies can provide a deeper understanding of how the concepts of authentic leadership, managerial coaching skills, organizational virtuousness, individual creativity, and individual performance can be applied practically and add other variables that can influence individual employee performance.

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Data Availability Statement: Upon a reasonable request, the supporting data of this study can be provided by the corresponding author.

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