

## **Analysis of the Impact of Transformative Leadership and Intrinsic Motivation on Improving the Innovative Performance of Millennial Generation Employees**

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### **Key Words:**

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**Abstract:** The transformation of the workplace and the dominance of millennial employees have intensified the need for leadership and motivational factors that foster innovation. This study aims to analyze the impact of transformational leadership and intrinsic motivation on improving the innovative performance of millennial generation employees. This research adopts a library research approach with a qualitative design by systematically reviewing and synthesizing relevant scholarly literature published over the last ten years. Data were collected from reputable academic books, peer-reviewed journals, and official documents and analyzed using content analysis, thematic analysis, and critical-comparative analysis. The results indicate that transformational leadership has a significant influence on innovative performance, wherein intrinsic motivation mediates this relationship through the specific mechanisms of psychological empowerment and job crafting. Consequently, intrinsic motivation functions as a key psychological driver that enhances creativity, work engagement, and innovative behavior. The study concludes that strengthening transformational leadership and intrinsic motivation is essential for sustaining innovative performance among millennial employees.

### **Introduction**

The transformation of the world of work in Indonesia over the past decade has accelerated significantly as a result of digitalization, globalization, and increasing organizational demands for innovation. This condition places employees' innovative performance as a strategic factor in maintaining organizational sustainability and competitiveness. At the same time, the national workforce is currently dominated by the millennial generation, which exhibits distinctive characteristics such as a strong need for autonomy, a search for meaningful work, and a preference for supportive and inspirational work environments. However, many organizations in Indonesia continue to face challenges related to low levels of employee innovation due to leadership practices that remain largely transactional and control-oriented, thereby failing to fully optimize the creative and innovative potential of employees, particularly among millennials.

In this context, transformational leadership is regarded as a highly relevant leadership approach, as it emphasizes a shared vision, inspiration, intellectual stimulation, and individualized consideration. Numerous studies have demonstrated that transformational leadership plays a significant role in fostering employees' innovative behavior and performance. Edsel & Harjanti, (2024) found that transformational leadership contributes to the enhancement of innovative work behavior among millennial employees through increased work engagement. This finding is reinforced by Idris et al., (2024), who showed that transformational leadership and intrinsic motivation jointly influence innovative work behavior through job crafting mechanisms. Furthermore, Jameel et al., (2025) reported that intrinsic motivation and creativity mediate the relationship between transformational leadership and employees' innovative performance, particularly in the service sector. Similarly, Mutafanin & Muzakki, (2024) highlighted that intrinsic motivation strengthens the relationship between transformational leadership and innovative work behavior, while Vu et al., (2025) emphasized the roles of psychological empowerment and work engagement as critical pathways linking transformational leadership to innovative performance.

Despite these empirical contributions, the existing literature reveals several research gaps that warrant further investigation. Most previous studies have been conducted in international contexts or have focused on specific sectors, resulting in a limited number of studies that explicitly examine millennial employees within the Indonesian organizational context. Moreover, although intrinsic motivation has long been recognized as a key driver of creativity and innovation; Gagné & Deci, (2005), its role as a psychological mechanism linking transformational leadership to innovative performance has rarely been examined in an integrated research model, particularly among millennial employees. In addition, many studies tend to focus more on innovative work behavior rather than innovative performance as a more comprehensive outcome that reflects employees' tangible contributions to organizational innovation.

Based on these considerations, this study is essential to analyze the impact of transformational leadership and intrinsic motivation on improving the innovative performance of millennial generation employees. The objectives of this study are to empirically examine the effect of transformational leadership on innovative performance, to analyze the influence of intrinsic motivation on the innovative performance of millennial employees, and to investigate the role of intrinsic motivation in explaining the relationship between transformational leadership and innovative performance within the context of organizations in Indonesia. Accordingly, this study is expected to contribute theoretically to the development of leadership

and work motivation literature, as well as practically to assist organizations in designing effective leadership strategies to enhance innovation among millennial employees.

## Research Methods

This study adopted a library research approach with a qualitative research design, which focuses on the systematic collection, evaluation, and synthesis of scholarly literature to develop comprehensive conceptual and analytical insights (Snyder, 2019; Zed, 2008). A library research method was deemed appropriate because it enables an in-depth examination of theoretical frameworks, empirical evidence, and conceptual relationships related to transformational leadership, intrinsic motivation, and innovative performance, particularly among millennial generation employees. Through this approach, the study seeks to identify dominant research patterns, theoretical convergences, inconsistencies, and research gaps within the existing body of literature (Xiao & Watson, 2019).

The data sources used in this study consisted exclusively of secondary data, including academic books, peer-reviewed journal articles, and relevant official documents. Priority was given to articles published in reputable national and international journals indexed in recognized academic databases such as Scopus, Web of Science, and Google Scholar, with a publication period covering the last ten years to ensure the relevance and currency of the reviewed studies (Kitchenham et al., 2009). In addition, seminal theoretical works on transformational leadership and intrinsic motivation were included to strengthen the conceptual foundation of the analysis (Bass & Riggio, 2006; Ryan & Deci, 2000). Official reports and institutional documents related to workforce development and generational characteristics were also utilized to support contextual interpretation.

Data collection was conducted through a structured process of literature identification, selection, and classification. During the identification stage, a systematic search was performed using keywords such as *transformational leadership*, *intrinsic motivation*, *innovative performance*, *innovative work behavior*, and *millennial employees* across multiple academic databases (Booth et al., 2021). This initial search process yielded a total of 150 potential articles. The selection stage involved screening the retrieved literature based on predefined inclusion criteria, including relevance to the research focus, methodological rigor, clarity of findings, and publication credibility (Tranfield et al., 2003). Studies that were duplicated, methodologically weak, or not directly related to the research objectives were excluded. Following this rigorous filtering process, a final total of 20 articles were selected as the primary

units of analysis for this study (refer to Table 1). Subsequently, the selected literature was classified according to key variables, research context, study design, and main findings to facilitate systematic analysis and synthesis (Snyder, 2019).

The data analysis techniques employed in this study included content analysis, thematic analysis, and critical-comparative analysis. Content analysis was used to systematically examine concepts, constructs, and relationships presented in the selected literature, allowing the identification of dominant patterns and theoretical trends (Krippendorff, 2018). Thematic analysis was then applied to organize and synthesize research findings into major analytical themes, such as the role of transformational leadership in fostering innovation, the contribution of intrinsic motivation to innovative performance, and the psychological mechanisms influencing millennial employees' innovative outcomes (Braun & Clarke, 2006). In addition, a critical-comparative analysis was conducted to compare findings across studies, highlight theoretical inconsistencies, and identify underexplored areas that warrant further investigation (Xiao & Watson, 2019).

Through this systematic and methodologically grounded library research approach, the study aims to provide a comprehensive synthesis of existing knowledge on the impact of transformational leadership and intrinsic motivation on the innovative performance of millennial generation employees. The methodological framework ensures analytical rigor, conceptual clarity, and academic consistency, thereby enhancing the validity and credibility of the study's conclusions.

## Research Results

This section presents a synthesis of key findings from a systematic literature review examining the impact of transformational leadership and intrinsic motivation on improving the innovative performance of millennial generation employees. The analysis integrates relevant prior studies to identify patterns in variable relationships, the consistency of empirical evidence, and the roles of mediating and moderating factors. The findings are expected to provide a comprehensive understanding of how leadership and intrinsic motivation foster innovative behavior and to serve as a solid foundation for subsequent discussion and research implications.

Table 1 Synthesis of Previous Studies on Transformational Leadership, Intrinsic Motivation, and Innovative Work Behavior

No	Author(s) Year	and	Research Focus	Main Findings
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1	Edsel and Harjanti (2024)	Formation of innovative work behavior among millennial employees	Transformational leadership has a positive and significant effect on innovative work behavior through increased work engagement.
2	Idris et al. (2024)	The effect of transformational leadership and intrinsic motivation on innovative work behavior through job crafting	Transformational leadership and intrinsic motivation indirectly enhance innovative work behavior through proactive job crafting.
3	Jameel et al. (2025)	The influence of transformational leadership on innovative work behavior through intrinsic motivation and creativity	Intrinsic motivation and creativity mediate the relationship between transformational leadership and innovative work behavior.
4	Asbari and Novitasari (2024)	Transformational leadership as a catalyst for organizational innovation	Transformational leadership consistently strengthens organizational innovation and performance.
5	Amanda (2023)	The influence of transformational leadership and intrinsic motivation on employee performance	Transformational leadership and intrinsic motivation positively affect employee performance.
6	Kurniawan and Saputra (2025)	Transformational leadership and	Transformational leadership and intrinsic motivation significantly

		intrinsic motivation on millennial employee performance	improve the performance of millennial employees.
7	Mutafanin and Muzakki (2024)	The role of intrinsic motivation in the relationship between transformational leadership and innovative work behavior	Intrinsic motivation strengthens the effect of transformational leadership on innovative work behavior through knowledge sharing.
8	Vu et al. (2025)	Transformational leadership and innovative work behavior through empowerment and work engagement	Empowerment and work engagement mediate the relationship between transformational leadership and innovative work behavior.
9	Jun and Lee (2023)	Transformational leadership and commitment to change	Commitment to change mediates the relationship between transformational leadership and innovative work behavior.
10	Jaiswal and Dhar (2015)	Transformational leadership, innovation climate, and employee creativity	Transformational leadership enhances creativity through the development of a supportive innovation climate.
11	Suifan et al. (2018)	Transformational leadership and creativity through perceived organizational support	Perceived organizational support mediates the influence of transformational leadership on employee creativity.

12	Shanker et al. (2017)	Innovation climate, innovative work behavior, and organizational performance	Innovative work behavior mediates the relationship between innovation climate and organizational performance.
13	Nababan et al. (2024)	Leadership preferences among millennial employees	Millennial employees respond more positively to transformational leadership.
14	Pamungkas et al. (2024)	Transformational leadership and innovative work behavior	Transformational leadership consistently enhances innovative work behavior based on a systematic literature review.
15	Lee and Hidayat (2018)	Transformational leadership and intrinsic motivation on performance	Transformational leadership and intrinsic motivation have a significant effect on employee performance.
16	Pieterse et al. (2010)	Transformational leadership, psychological empowerment, and innovative work behavior	Psychological empowerment strengthens the relationship between transformational leadership and innovative work behavior.
17	De Jong and Den Hartog (2010)	Conceptualization of innovative work behavior	Innovative work behavior consists of idea generation, idea promotion, and idea implementation.
18	Gagné and Deci (2005)	Self-determination theory and work motivation	Intrinsic motivation plays a crucial role in fostering creativity and innovation at work.
19	Ryan and Deci (2000)	The concept of intrinsic motivation	Intrinsic motivation serves as a fundamental driver of individual innovative behavior.

20	Bass and Riggio (2006)	Transformational leadership theory	Transformational leadership enhances follower motivation, creativity, and performance.
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Based on a review of relevant scientific literature, the findings indicate that transformational leadership and intrinsic motivation play a significant role in enhancing the innovative performance of millennial employees. Transformational leadership has been shown to promote innovative work behavior through the articulation of an inspiring vision, intellectual stimulation, individualized consideration, and employee empowerment. Millennial employees tend to respond more positively to this leadership style because it aligns with their need for autonomy, meaningful work, and opportunities for creativity, both in public and private sector organizations in Indonesia.

In addition, intrinsic motivation emerges as a crucial psychological factor that directly enhances innovative performance. Millennial employees with high levels of intrinsic motivation are more likely to demonstrate creativity, proactivity, and persistence in developing and implementing new ideas, without relying solely on external incentives. This finding suggests that internal motivation based on personal satisfaction and self-actualization is a key driver of sustainable innovation.

Furthermore, the literature review reveals that intrinsic motivation serves as an explanatory mechanism in the relationship between transformational leadership and innovative performance. Transformational leadership contributes to higher levels of intrinsic motivation by fostering meaningful work, providing psychological support, and creating an empowering work environment, which in turn enhances the innovative performance of millennial employees.

Within the Indonesian organizational context, the effectiveness of these relationships is influenced by the characteristics of the millennial generation and organizational culture. Work environments that are open, participative, and supportive of employee development strengthen the impact of transformational leadership and intrinsic motivation on innovative performance in a sustainable manner.

## **Discussion**

### **1. Transformational Leadership as a Driver of Innovative Performance among Millennial Employees**

The results of the literature review indicate that transformational leadership exerts a strong and consistent influence on improving the innovative performance of millennial employees. This finding is aligned with transformational leadership theory proposed by Bass & Riggio, (2006), which emphasizes that transformational leaders enhance followers' motivation, creativity, and performance through idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. Intellectual stimulation, in particular, plays a critical role in encouraging employees to generate, develop, and implement new ideas, which constitute the core dimensions of innovative performance (De Jong & Den Hartog, 2010)

Empirical evidence supports these theoretical arguments. Edsel & Harjanti, (2024) found that transformational leadership has a positive and significant effect on innovative work behavior among millennial employees. Similar findings were reported by Jameel et al., (2025) psychological factor influencing the innovative performance of millennial employees. According to self-determination theory, intrinsic motivation arises when individuals' basic psychological needs for autonomy, competence, and relatedness are satisfied (Ryan & Deci, 2000; Gagné & Deci, 2005). Employees who are intrinsically motivated tend to demonstrate higher levels of creativity, deeper work engagement, and greater persistence in addressing innovation-related challenges.

This finding is supported by empirical studies. Lee & Hidayat, (2018) showed that intrinsic motivation significantly affects employee performance, including creativity and innovation-related outcomes. Studies by Amanda, (2023) and Kurniawan & Saputra, (2025) further confirmed that intrinsic motivation plays a crucial role in enhancing the performance of millennial employees. Moreover, Ryan & Deci, (2024) emphasized that intrinsic motivation constitutes a fundamental psychological foundation for sustainable innovative behavior in modern organizations.

Therefore, the results of this review reinforce the view that innovative performance is not solely determined by leadership and structural factors, but also by employees' internal motivational drives.

### **3. Intrinsic Motivation as a Mediating Mechanism between Transformational Leadership and Innovative Performance**

One of the most significant findings of this discussion is the role of intrinsic motivation as a mediating mechanism linking transformational leadership and innovative performance. Transformational leadership fosters a work environment that supports employees' psychological needs, which in turn enhances intrinsic motivation and stimulates innovative behavior. This finding is consistent with the study by Idris et al., (2024), which demonstrated that the effect of transformational leadership on innovative work behavior is mediated by intrinsic motivation through job crafting.

Similarly, Mutafanin & Muzakki, (2024) found that intrinsic motivation strengthens the relationship between transformational leadership and innovative work behavior through knowledge-sharing practices. Jameel et al., (2025) further revealed that intrinsic motivation and creativity simultaneously mediate the influence of transformational leadership on innovative work behavior. These findings are also supported by Pieterse et al., (2010) and Vu et al., (2025), who highlighted the importance of psychological empowerment and work engagement in strengthening the impact of transformational leadership on innovation.

Collectively, these studies suggest that the relationship between transformational leadership and innovative performance is indirect and depends heavily on employees' internal psychological conditions.

#### **4. Contextual Factors Supporting Innovation: Organizational Climate and Psychological Support**

The discussion also highlights that the relationship between transformational leadership, intrinsic motivation, and innovative performance is shaped by organizational contextual factors. Jaiswal & Dhar, (2015) and Shanker et al., (2017) emphasized that a supportive innovation climate plays a critical role in fostering creativity and innovative work behavior. In addition, Suifan et al., (2018) demonstrated that perceived organizational support mediates the relationship between transformational leadership and employee creativity.

Within this context, transformational leadership functions as a catalyst that shapes an innovation-supportive climate and strengthens organizational support, thereby enabling intrinsic motivation to develop optimally and translate into innovative performance (Asbari & Novitasari, 2024).



Figure 1 Synthesis of Key Findings on the Role of Transformational Leadership and Intrinsic Motivation in Improving Innovative Performance

This figure 1 illustrates that transformational leadership serves as a primary driver in enhancing the innovative performance of millennial employees, both directly and indirectly through intrinsic motivation. Intrinsic motivation acts as a psychological mechanism that mediates this relationship by fostering creativity and innovative behavior. In addition, an innovation-supportive organizational climate and perceived organizational support strengthen the relationship between leadership, intrinsic motivation, and innovative performance.

## Conclusion

Based on the results of the systematically analyzed literature review, this study concludes that transformational leadership and intrinsic motivation play significant roles in enhancing the innovative performance of millennial generation employees within the organizational context of Indonesia. Transformational leadership is proven to have a positive effect on innovative performance through leaders' ability to articulate an inspiring vision, provide intellectual stimulation, and offer individualized support that encourages employees to generate and implement new ideas. Furthermore, the findings indicate that intrinsic motivation has a direct influence on improving the innovative performance of millennial employees. Employees with high levels of intrinsic motivation tend to demonstrate greater creativity, work engagement, and persistence in the innovation process. In addition, this study reveals that intrinsic motivation functions as an explanatory mechanism in the relationship between transformational leadership and innovative performance, where leadership fosters psychological conditions that

support the development of intrinsic motivation.

Translating these findings into practical strategies, this study offers several managerial implications for Human Resource (HR) practitioners in Indonesia. HR managers are encouraged to design mentorship programs that position leaders not merely as supervisors but as role models who can intellectually stimulate millennial employees. Furthermore, considering the strong link between intrinsic motivation and innovation, organizations should provide millennials with greater autonomy in decision-making and flexible work arrangements. Creating a "creative space" that allows for experimentation without the fear of failure is essential to nurturing the intrinsic drive required for sustained innovative behavior.

Despite its contributions, this study acknowledges certain limitations that warrant attention. As a literature review, this research relies solely on secondary data and theoretical synthesis without primary empirical validation. Therefore, future research is recommended to conduct empirical studies using quantitative methods to statistically test the proposed model. Specifically, further investigation should verify these relationships across different industrial sectors, such as comparing the innovation dynamics in agile Startups versus more bureaucratic State-Owned Enterprises (BUMN), to provide a more nuanced understanding of how leadership and motivation operate in diverse organizational cultures.

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