

Analysis the Influence of Empowering Leadership, Team Climate, and Knowledge Sharing on Innovation Capability in Millennial Employees Telkom Regional II Jabbotabek Division

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ABSTRACT: *We are currently facing an era called VUCA (volatility, uncertainty, complexity, and ambiguity) which is a phenomenon had described the world situation that changes very quickly and tends to be unpredictable. This phenomenon causes leaders to have the ability for encouraging employees so they can always adapt. This study aims to explain the description of leadership conditions, attitudes towards knowledge sharing, team climate, knowledge sharing, and absorptive capacity on the behavior of millennial employees' innovation capabilities in dealing with VUCA. With a research population of 333 people and processed using partial least squares SEM, the combination of the measurement model and the structural model has a good level of validation. In other words, the overall model used can explain perfectly in the influence of empowering leadership and team climate variables on the effectiveness of knowledge sharing to support innovation capabilities.*

KEY WORD: *Innovation Capability, VUCA, Telecommunication, Millennial*

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I. INTRODUCTION AND LITERATURE REVIEW

Today, the telecommunications industry in Indonesia is very dynamic. The trend of changing from voice call and SMS to internet-based data is also increasing rapidly. With the development of modern telecommunications infrastructure, it is easier for people to use wireless internet access. The Government of Indonesia through its State-Owned Enterprises, namely PT Telkom Indonesia (Persero) Tbk (Telkom) are very enthusiastic in providing the best telecommunications services for the Indonesian people.

Knowledge plays an important role in the success of a business organization (SZIRTES, 2012). Davenport and Prusak (1998) state that knowledge assets are more difficult to imitate and replicate because of their intangible nature. Knowledge assets are also more important than tangible assets. At the same time, companies face conditions where innovation is also crucial to gain a position in the market and ensure the ability to survive in the market in the long term (Kamasak and Bulutlar, 2010). Changing technology affects competition in the digital telecommunications industry in the face of competition to increase market share. Telkom in practice creates and adapts new products, services, standards, products, and business models in line with changing technology.

The phenomenon of VUCA (volatility, uncertainty, complexity, and ambiguity) is a depiction of a world situation that changes rapidly and tends to be unpredictable. Telkom must be able to deal with this VUCA phenomenon, one of which is by being adaptive to changes that occur by continuing to innovate and learn. With this constantly changing situation, leaders are required to have the ability to unleash their potential by instilling and encouraging employees to always adapt in all situations, creating opportunities that will spur critical performance and competitive advantage. This study aims to explain the description of leadership conditions, attitudes towards knowledge sharing, team climate, knowledge sharing, and absorptive capacity on the behavior of millennial employees' innovation capabilities in the Telkom Regional II Jabbotabek Division.

There have been many studies on innovation capability. Those studies mostly use absorptive capacity variables and knowledge sharing variables to find out what factors influence the attitude of innovation capability. However, in this study, the author tries to add several variables by referring to several additional journals including leadership variables, team climate variables, and attitude variables towards knowledge sharing.

2.1 Empowering Leadership

According to Xue et al (2011), in an organizational structure that empowers employees, “leaders are able to increase the self-efficacy of team members and control over their work environment. When team members are empowered to make decisions regarding their work, these team members need to have sufficient information to ensure that decision making is reasonable and justifiable. In the end, they tend to share knowledge with each other before and during the decision-making process” (Xue et al, 2011). Therefore, empowering leadership is one that stimulates and nurtures knowledge sharing. Arnold et al. (2000) stated that empowering leadership has five dimensions: leading by example; coaching; participative decision making; showing concern; and informing.

2.2 Team Climate

Liang et al. (2010) suggested that “team climate significantly influences individual perceptions, normative beliefs, and technology use. Therefore, in this study, the authors argue that a supportive team climate can create an environment that encourages knowledge sharing”. “Existing literature suggests that team climate is a composite construct consisting of three dimensions: affiliation, trust, and innovation” (Brock et al., 2005). “Affiliation, equivalent to cohesion, refers to the perception of a sense of community among members. Trust in a team environment is defined as a member's willingness to accept vulnerability based on confident expectations of the competence, integrity, and benevolence of teammates” (Pavlou et al., 2007). Innovation within a team is the extent to which change and creativity are actively encouraged and rewarded within the team.

2.3 Attitude towards Knowledge Sharing

According to the theory of reasoned action, “attitude is defined as an individual’s positive or negative feelings about sharing knowledge” (Fishbein and Ajzen, 1975). “The theory of reasoned action states that attitudes determine behavioral intentions, which in turn determine behavior. A number of empirical studies have confirmed the significant effect of attitude on intention” (Brock et al., 2005). In this study, the authors tried to decide to investigate the direct relationship between attitudes and behavior because they were interested in explaining individuals' actual knowledge sharing behavior rather than predicting their future behavior as in the study of Xue, et al. (2011).

2.4 Knowledge Sharing

Sharing knowledge itself is more than just transferring information. Knowledge sharing is an activity of providing or receiving task information, knowledge, and providing feedback about a product or procedure (Cummings, 2004). Nonaka and Takeuchi (1995) developed a model that is relevant to the knowledge sharing process and the model is called SECI which includes a round of socialization, externalization, combination, and internalization processes. Regarding the processes of externalization and internalization, “both tacit and explicit knowledge sharing play a key role in the transformation of the two types of knowledge. Explicit knowledge sharing comprises almost all forms of knowledge sharing that are carried out in organizations”. The practice of sharing explicit knowledge is more common in the workplace because explicit knowledge can be easily received, modified and shared.

2.5 Absorptive Capacity

Zahra and George (2002) suggest that there are four dimensions implicit in absorptive capacity. The Acquisition dimension of Zahra and George (2002) is the company's ability to identify and acquire external knowledge that is beneficial to the company. Then the Assimilation dimension, namely the company's ability to develop systems that allow it to analyze, process, interpret, and understand information received from outside the company. The third dimension is Transformation, which is the company's ability to combine its existing knowledge with newly acquired and assimilated external knowledge. The fourth dimension is exploitation, namely the company's ability to improve its competence to apply the newly acquired and modified external knowledge into its operations.

2.6 Innovation Capability

Lawson and Samson (2001) argue that “innovation capability is the ability to continuously transform knowledge and ideas into new products, processes and systems for the benefit of the company and its stakeholders”. Samson (1991) in Harrison, N., & Samson (2002) classifies innovation into three categories, namely product innovation, process innovation, and managerial and system innovation. The first definition, namely product innovation, is that the “company can provide different products/services or new products in the market and obtain satisfaction from customers”. The second process innovation is the process by which the “company can provide a manufacturing process or service that is better than the current one to achieve better

performance”. Third, management innovation is the “ability to improve company performance by implementing new managerial regulations, systems, and methods”.

1.2 Research Objectives

Overall dimensions of empowering leadership contribute to knowledge sharing, it means that empowering leadership will have a strong influence on employee attitudes and knowledge sharing behavior among employees (Xue et al., 2011). Then according to Matic, D. et al. (2017), empowering leadership has a significant effect on three variables, namely attitude toward knowledge sharing, intention to share knowledge, and knowledge sharing behavior.

H1: Empowering leadership has a significant positive effect on attitudes toward knowledge sharing

H2: Empowering leadership has a significant positive effect on knowledge sharing

The existing literature suggests that team climate is a composite construct consisting of three dimensions: affiliation, trust, and innovation (Brock et al., 2005). Research Xue et al. (2011) found that team climate has two ways to influence knowledge-sharing behavior besides indirect influence through attitude, team climate also has a direct influence on knowledge-sharing behavior.

H3: Team climate has a significant positive effect on attitudes toward knowledge sharing

H4: Team climate has a significant positive effect on knowledge sharing

“Based on the theory of reasoned action, attitude is defined as an individual's positive or negative feelings about sharing knowledge” (Fishbein and Ajzen, 1975). Xue, et al. (2011) explains that “when individuals have an attitude toward knowledge sharing, they are more likely to share knowledge with others”.

H5: Attitude toward knowledge sharing has a significant positive effect on knowledge sharing

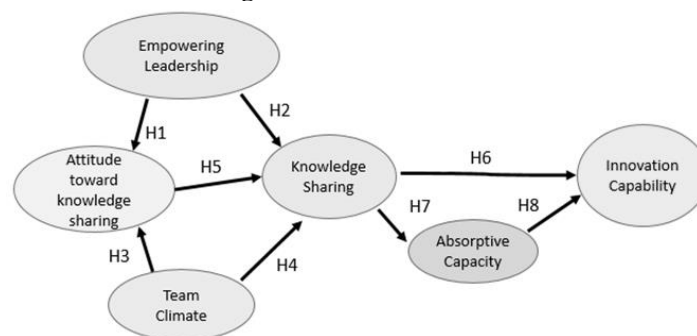
Companies that encourage employees to share their knowledge in groups and organizations will be more likely to come up with ideas and develop new business opportunities which in turn will support innovation capabilities (Darroch and McNaughton, 2002). Research results from Liao, Shu-Hsien et al. (2007) show that “absorptive capacity is a mediating variable of knowledge sharing and innovation capability. If absorptive capacity is insufficient, then knowledge sharing within a company will have less benefit for the innovation capability of the company”. The same results are also described in the research of Wuryaningrat (2013) and Anggraeni, et al. (2014).

H6: Knowledge sharing has a significant positive effect on innovation capability

H7: Knowledge sharing has a significant positive effect on absorptive capacity

H8: Absorptive capacity has a significant positive effect on innovation capability

Figure 1: Research Model



1.3 Research Methodology and Data Analysis

The author uses a quantitative research approach in this study. This study focuses on collecting data in the form of numbers so that evidence can be presented in quantitative form (Neuman, 2003; Sarantakos, 2005). Data is collected using a survey method that is intended to find out things needed in research, such as attitudes, beliefs, values, demographics, behavior, opinions, habits, desires, ideas, and other types of information” (McMillan & Schumacher, 2006). From the data, facts or information collected through the survey, the researcher finds a description of the condition of each variable and or dimension under study that allows the researcher to carry out an analysis of the influence of leadership, attitudes towards knowledge sharing, team climate, knowledge sharing, and absorptive capacity on behavior, innovation capabilities of millennial employees in the Telkom Regional II Jabbotabek Division.

The population in this study were all millennial employees in the Telkom Regional II Jabbotabek Division. The total population of millennial employees is 333 employees and was taken in March 2021. The data was processed using the partial least square SEM method with the help of SmartPLS 3 software. Partial least squares SEM does not require certain distribution assumptions for parameter estimation, so parametric techniques to test or evaluate significance are not needed (Chin 1998; Chin and Newsted 1999 in Ghozali, 2021). In other words, compared to the CB-SEM approach, the evaluation of the PLS model is based on predictive orientation which has non-parametric properties. PLS evaluation model is done by assessing the outer model and inner model.

Information obtained from the data shows that the number of male respondents were 175 people (53%) while female respondents were 158 people (47%). The age level of respondents is dominated by the age of 31-35 years, as many as 275 people (82%). The job family shows that respondents from Digital Technology (72 people) and Customer Centricity (73 people) are the largest respondents (22%). Then the least respondents are from Risk & Compliance as many as 2 respondents (1 %).

Table 1: Respondent Demographics

Profile	Categories	Frequency	Percentage (%)
Gender	Male	175	53%
	Female	158	47%
Age	< 25 years	13	4%
	25-30 years	16	5%
	31-35 years	275	82%
	> 35 years	29	9%
Job Family	Business Enabler/Enterprise Management	15	5%
	Commerce & Relation	62	19%
	Corporate Enablers	51	15%
	Customer Centricity	73	22%
	Digital & ICT	46	14%
	Digital Technology	72	22%
	Risk & Compliance	2	1%
	Strategic Plan & Development	12	4%

In the results of the first PLS Algorithm running, it was found that there is one indicator on the innovation capability variable which has a standardized loading factor value of less than 0,7 while the other indicators have above 0,7. Then the PLS Algorithm is repeated by eliminating the indicator. The final result shows that there is no indicator has a standardized loading factor less than 0,7. The significance test of the standardize loading factor for each indicator with bootstrapping is more than 1,96 so it can be said that all indicators used are significant.

Convergent validity analysis is also carried out by evaluating the AVE (average variance extracted) value. Based on table 2, it can be seen that all variables in the first order construct and second order construct have satisfactory values, where the AVE value of all latent variables is above 0,5.

Table 2: Average Variance Extracted

First-order construct	AVE
Lead by Example	0,7228
Participative Decision Making	0,8040
Coaching	0,7109
Informing	0,7424
Showing Concern	0,7475
Innovativeness	0,8008
Affiliation	0,7338
Trust	0,8619
Attitude toward Knowledge Sharing	0,7152
Explicit Knowledge	0,6881
Tacit Knowledge	0,6948
Acquisition	0,7602
Assimilation	0,7809
Transformation	0,7236
Exploitation	0,6992
Product Innovation Capability	0,7529
Organizational Innovation Capability	0,7566
Process Innovation Capability	0,8812
Marketing Innovation Capability	0,7069
Second-order construct	AVE
Absorptive Capacity	0,5884
Empowering Leadership	0,5094

Innovation Capability	0,6081
Knowledge Sharing	0,5144
Team Climate	0,5624

The next step in evaluating the measurement model after evaluating convergent validity is evaluating discriminant validity. Evaluation of discriminant validity is done by looking at the cross-loading of the used indicators. The results of the calculation show that these indicators have a loading factor value of more than 0,7 so that the indicators can be said as valid.

In addition to looking at the value of cross loading, to assess the discriminant validity of latent variables, an evaluation of the comparison between the AVE root values of the latent variables and the correlation values between latent variables can also be carried out. The AVE root value which is greater than the correlation value between latent variables indicates a good level of discriminant validity.

The absorptive capacity variable has an AVE root value of 0,7671 while the highest correlation value between the absorptive capacity variable and other latent variables is 0,7476. The correlation value is not greater than the root value of the AVE absorptive capacity variable, so it can be said that the absorptive capacity variable has a good level of discriminant validity, as well as other variables so that it can be said that all variables have a good level of discriminant validity.

Table 3: Latent Variable Correlation Value

	Absorptive Capacity	Attitude toward knowledge sharing	Empowering Leadership	Innovation Capability	Knowledge Sharing	Team Climate
Absorptive Capacity	1	0	0	0	0	0
Attitude toward knowledge sharing	0,3187	1	0	0	0	0
Empowering Leadership	0,5596	0,3238	1	0	0	0
Innovation Capability	0,6941	0,2716	0,6270	1	0	0
Knowledge Sharing	0,7476	0,4301	0,5158	0,6678	1	0
Team Climate	0,5065	0,4602	0,6560	0,4369	0,5300	1

To evaluate the construct reliability of latent variables that have a reflective model, an evaluation of the composite reliability and Cronbach's alpha values is carried out to see the reliability of the indicators of each latent variable. The latent variable is declared reliable if it has composite reliability and Cronbach's alpha values above 0,7.

Based on table 4, it can be seen that all latent variables have a composite reliability value above 0,7. However, there are two latent variables that have Cronbach's alpha value of less than 0,7 namely the latent variable lead by example and affiliation which is the first-order construct of the latent variable empowering leadership and team climate. However, in the Structural Equation Modeling (SEM) model, composite reliability measures construct reliability better than Cronbach's alpha, so in this study the composite reliability value is used. So it can be stated that all latent variables have sufficient reliability.

Table 4: Composite Reliability and Cronbach's Alpha

First-order construct	Cronbach's Alpha	Composite Reliability
Lead by Example	0,6223	0,8387
Participative Decision Making	0,7564	0,8914
Coaching	0,7959	0,8804
Informing	0,8266	0,8963
Showing Concern	0,8317	0,8988
Innovativeness	0,7523	0,8893
Affiliation	0,6373	0,8465
Trust	0,9198	0,9493
Attitude toward Knowledge Sharing	0,8681	0,9092
Explicit Knowledge	0,7740	0,8687
Tacit Knowledge	0,8894	0,9191
Acquisition	0,8421	0,9048
Assimilation	0,8597	0,9145
Transformation	0,8728	0,9128
Exploitation	0,9134	0,9330
Product Innovation Capability	0,9172	0,9383
Organizational Innovation Capability	0,8923	0,9254
Process Innovation Capability	0,8653	0,9369
Marketing Innovation Capability	0,8603	0,9058
Second-order construct	Cronbach's Alpha	Composite Reliability
Absorptive Capacity	0,9529	0,9579
Empowering Leadership	0,9187	0,9306
Innovation Capability	0,9566	0,9614

Knowledge Sharing	0,8613	0,8931
Team Climate	0,8650	0,8982

The second analysis that must be done after analyzing the measurement model is to analyze the structural model (inner model analysis). This analysis is done by looking at the path coefficient, t-statistics, and the value of the coefficient of determination R^2 , where these values are also useful for testing hypotheses. Next is to test the goodness of fit (GoF) in order to assess the overall validity of the model.

Based on bootstrapping analysis, there is one hypothesis that has a t-statistic value below 1,96 and a p-value less than 0,05, namely the relationship between empowering leadership and attitude toward knowledge sharing. While the magnitude of the influence or strength of the relationship is shown in the path coefficient value of each variable relationship. The largest correlation coefficient is between the knowledge sharing variable and the absorptive capacity variable, with a correlation coefficient of 74,8%, while the smallest correlation coefficient is found in the relationship between the empowering leadership variable and the attitude toward knowledge sharing variable, which is 3,8%.

Table 5: Composite Reliability and Cronbach's Alpha

Construct	Path Coefficient	t-statistics	p-value
Empowering Leadership → Attitude toward knowledge sharing	0,038	0,529	0,298
Empowering Leadership → Knowledge Sharing	0,286	4,622	0,000
Team Climate → Attitude toward knowledge sharing	0,435	6,213	0,000
Team Climate → Knowledge Sharing	0,237	3,553	0,000
Attitude toward knowledge sharing → Knowledge Sharing	0,228	4,417	0,000
Knowledge Sharing → Innovation Capability	0,168	2,988	0,001
Knowledge Sharing → Absorptive Capacity	0,748	25,240	0,000
Absorptive Capacity → Innovation Capability	0,668	12,297	0,000

Based on the classification of the R^2 value proposed by Chin (1998) where the R^2 value of 0,67 is said to be a strong model; 0,33 as a moderate R^2 value; and 0,19 as a weak R^2 value, it can be concluded that the team climate variable and the empowering leadership variable have a weak ability to explain the attitude toward knowledge sharing variable, because they are only able to explain 21,3%, the rest is probably explained by other variables not examined in this study.

The variable knowledge sharing can be explained by the variable attitude toward knowledge sharing moderately, with an R^2 value of 37,2%. The absorptive capacity variable is explained by the knowledge sharing variable in a moderate manner, with an R^2 value of 55,9%. Finally, the variable innovation capability is able to moderately explain the variable absorptive capacity and knowledge sharing, which is 64,3%. From table 6 it can also be concluded that the predictive relevance value or known as Stone-Geisser's has a value of more than 0 meaning that the latent variable in the model has a fairly strong predictive relevance.

Table 6: Coefficient of Determination R^2 and Q^2

Variable	R^2	Q^2
Empowering Leadership		0,437
Team Climate		0,421
Attitude toward knowledge sharing	0,213	0,514
Knowledge Sharing	0,372	0,373
Absorptive Capacity	0,559	0,538
Innovation Capability	0,643	0,555

Based on the results of the significance test of the relationship between the hypothesized variables as shown in table 5, the conclusions of the obtained hypothesis can be seen in table 7 below:

Table 7: Hypothesis Test Results

Hypothesis	Path Coefficient
Empowering Leadership → Attitude toward knowledge sharing	Rejected
Empowering Leadership → Knowledge Sharing	Not Rejected
Team Climate → Attitude toward knowledge sharing	Not Rejected
Team Climate → Knowledge Sharing	Not Rejected
Attitude toward knowledge sharing → Knowledge Sharing	Not Rejected
Knowledge Sharing → Innovation Capability	Not Rejected
Knowledge Sharing → Absorptive Capacity	Not Rejected
Absorptive Capacity → Innovation Capability	Not Rejected

Furthermore, in order to validate the suitability of the overall research model, an evaluation of the goodness of fit (GoF) value is carried out. Based on the classification proposed by Wetzels et al. (2009) it can be said that the whole model has a goodness of fit value in the large category (value > 0,36) which means that the combination of the measurement model and the structural model has a good level of validation, in other words, the overall model that can explain properly the effect empowering leadership and team climate variables on the effectiveness of knowledge sharing to support innovation capabilities.

Table 8: Goodness of Fit (GoF)

Mean Communality	Mean R ²	GoF
0,7111	0,6850	0,6979

1.4 Findings and Interpretation

The first hypothesis (H1) in this study is that empowering leadership has a positive effect on attitudes toward knowledge sharing. The bootstrapping results contained in table 5 show the relationship between the empowering leadership variable and the attitude toward knowledge sharing variable which has a path coefficient value of 0,038 with a significance value of 0,529. These two values indicate the opposite of the hypothesis, namely that there is no significance between the empowering leadership variable and the attitude toward knowledge sharing variable, so that the first hypothesis (H1) in this study is declared as rejected. In other words, the data used in this study does not support the acceptance of the proposed hypothesis. The same research using different data will very likely give different results. This finding indicates that the unit leadership does not really make respondents have a positive attitude towards knowledge sharing actions which in turn will encourage knowledge sharing behavior. The findings in this study do not support the results of previous research conducted by Xue et al, (2011). The difference with the findings in previous studies, could be due to the perceptions of the respondents themselves because they are formed from the culture of each unit which may also be different.

The second hypothesis (H2) is that empowering leadership has a positive effect on knowledge sharing. The results of data processing show that the path coefficient of the relationship between the empowering leadership variable and the knowledge sharing variable is 0,286 with a significance value of 4,622. This shows that there is a significant positive influence of the empowering leadership variable on the knowledge sharing variable, which means that employees will be encouraged to carry out knowledge sharing activities if they have an empowering leader. Thus, the second hypothesis (H2) in this study cannot be rejected. This finding is also in accordance with the findings in a previous study conducted by Xue et al. (2011), Matic D. et al. (2017), and Cheema et al. (2017). In his research, it was found that empowering leadership has a positive effect on knowledge sharing.

The third hypothesis (H3) in this study is that team climate has a positive effect on attitudes toward knowledge sharing. Table 5 shows the path coefficient value of the team's climate variable of 0,435 with a t-statistic value of 6,213. The t-statistic value that exceeds the cut-off (1,96) indicates that there is a significant positive effect of the team climate variable on the attitude toward knowledge sharing variable, so that H3 in this study cannot be rejected. This finding means that the existence of a conducive team climate, which is characterized by a sense of cohesiveness, mutual trust, and innovative attitude, will lead to positive attitudes of employees towards knowledge-sharing behavior which in turn will encourage the knowledge-sharing behavior. The findings in this study are in accordance with the findings in the study by Xue et al. (2011). In the context of the research conducted in the academic environment, it was found that the team climate had a positive effect on attitudes toward knowledge sharing.

The fourth hypothesis (H4) is the team climate has a positive effect on the knowledge sharing variable. The path coefficient value of 0,237 with a significance level of 3,553 (more than 1.96) indicates that there is a significant positive effect of the team climate variable on the knowledge sharing variable. Thus, the fourth hypothesis (H4) in this study cannot be rejected. So it can be concluded that the team climate will encourage the conduct of various knowledge behaviors by millennial employees. This result is also in accordance with the findings in a previous study conducted by Xue et al, (2011). In this study, team climate was also found to have a positive effect on knowledge sharing behavior. With this research, it also validates that research conducted in academia related to the influence of leadership and team climate on knowledge-sharing behavior can also be applied to the telecommunications company environment.

The fifth hypothesis (H5) in this study is that attitude toward knowledge sharing has a positive effect on knowledge sharing. The results of data processing show that there is a significant positive effect of the attitude toward knowledge sharing variable on the knowledge sharing variable. This is indicated by the value of the path coefficient of the relationship between the two variables, which is 0,228 with a significance value of 4,417. Thus, the fifth hypothesis (H5) in this study also cannot be rejected. This finding means that employees who have a positive attitude towards their knowledge sharing activities will be more motivated to carry out these knowledge sharing activities, both for tacit knowledge and explicit knowledge. This finding is in accordance with the findings in a previous study conducted by Xue et al. (2011) and Cheema et al. (2017).

The sixth hypothesis (H6) is that knowledge sharing has a positive effect on innovation capability. The results of the data processing show that there is a significant positive effect of the knowledge sharing variable on innovation capability. This is indicated by the path coefficient of the relationship between the two variables of 0,168 with a significance value of 2,988. So the sixth hypothesis (H6) in this study cannot be rejected. This finding means that effective knowledge sharing activities in turn will be able to support the company's innovation capabilities, be it capabilities in product development, organizational development, process development, as well as in the development of company product marketing. This study is in accordance with previous findings in a study conducted by Wuryaningrat (2013), but with different dimensions and activities. In this study, innovation capability is measured by success in four measurement dimensions, namely product innovation capability, organizational innovation capability, process innovation capability, and marketing innovation capability. The existence of effective knowledge sharing activities will be able to assist the company in maintaining the company's success and balance in the four activities. Maintaining a balance on the company's ability to develop ideas, convert ideas, and use these ideas is very necessary and very important to maintain the company's innovation capability in order to achieve innovation success.

The seventh hypothesis (H7) in this study is that knowledge sharing has a positive effect on absorptive capacity. The path coefficient value of 0,748 with a significance level of 25,240 (more than 1.96) indicates that there is a significant positive effect of the knowledge sharing variable on the absorptive capacity variable. Thus, the seventh hypothesis (H7) in this study cannot be rejected. This is in accordance with the previous findings in the study conducted by Liao, Shu-Hsien et al. (2007), Wuryaningrat (2013), and Anggraeni, et al. (2014). In this study, absorptive capacity was measured in four dimensions, namely acquisition, assimilation, transformation, and exploitation. The existence of effective knowledge sharing activities will be able to assist the company in maintaining the company's success and balance in the four activities.

The eighth hypothesis (H8) in this study is absorptive capacity has a positive effect on innovation capability. The path coefficient value of 0,668 with a significance level of 12,297 (more than 1,96) indicates that there is a significant positive effect of the absorptive capacity variable on the innovation capability variable. Thus, the eighth hypothesis (H8) in this study cannot be rejected. This is in accordance with previous findings in a study conducted by Liao, Shu-hsien et al. (2007), Wuryaningrat (2013), and Anggraeni, et al. (2014).

The attitude toward knowledge sharing variables in research can also function as a mediating variable that mediates the relationship between empowering leadership and team climate variables and knowledge sharing variables. Table 9 shows that the variable attitude toward knowledge sharing has no mediating effect because the coefficient of the relationship is entirely below 0,20, meaning that the knowledge sharing behavior of respondents in this study, especially Millennial employees in the Telkom Regional II Jabbotabek Division, does not depend on this positive attitude. This result is different if the empowering leadership and team climate variables are directly related to the knowledge sharing variable. In table 5, the two variables are shown to have a positive and significant relationship.

Table 9: Mediating Variable

IV→MV→DV	Path-coefficient	t-statistics	p-value	Result
Empowering Leadership → Attitude toward Knowledge Sharing → Knowledge Sharing	0,009	0,498	0,309	No mediation and not significant

Team Climate → Attitude toward Knowledge Sharing → Knowledge Sharing	0,099	0,101	0,026	No mediation and significant
Knowledge Sharing → Absorptive Capacity → Innovation Capability	0,500	12,244	0,000	Partial mediation and significant

The absorptive capacity variable can also function as a mediating variable that mediates the relationship between knowledge sharing and innovation capability variables. Table 9 shows that the absorptive capacity variable has a partial mediating effect with the correlation coefficient between 0,2 and 0,8 meaning that absorptive capacity can increase the innovation capability of employees. Absorptive capacity is a mediating variable of knowledge sharing and innovation capability which is the bridge between the two. If the absorptive capacity is inadequate, then knowledge sharing in the Telkom Regional II Jabotabek Division will not provide direct benefits for the company's innovation capability. These results support previous research conducted by Liao, Shu-Hsien et al. (2007), Wuryaningrat (2013), and Anggraeni, et al. (2014).

The conclusions that can be explained from this research are

- Empowering leadership variable does not have a positive significant effect on attitude toward knowledge sharing;
- Empowering leadership variable has a significant positive effect on knowledge sharing;
- Team climate variable has a significant positive effect on attitudes toward knowledge sharing;
- Team climate variable has a significant positive effect on knowledge sharing;
- Attitude toward knowledge sharing variable has a significant positive effect on knowledge sharing;
- Knowledge sharing variable has a significant positive effect on innovation capability;
- Absorptive capacity variable has a significant positive effect on innovation capability;
- Absorptive capacity variable has a significant positive effect on innovation capability.

The attitude toward knowledge sharing variables has no mediating effect. This can be seen in the path coefficient value that exists in the relationship between the empowering leadership and team climate variables on the knowledge sharing variable. This result is different if the empowering leadership and team climate variables are directly related to the knowledge sharing variable. The absorptive capacity variable has a partial mediating effect that occurs in the relationship between the knowledge sharing variable and the innovation capability variable, meaning that absorptive capacity can increase employee innovation capability and can be considered as the main factor in this study.

Unit leaders both in the field of Human Capital and other units to be able to approach millennial employees so that they can bring up positive attitudes towards knowledge sharing actions which will encourage knowledge sharing behavior. Empowerment of leadership skills should be the main point when selecting or evaluating a leader. "Empowering leadership skills can be strengthened by improving each of the five components, namely lead by example, coaching, participating in decision making, informing, and showing concern".

Providing the right training program can help a person identify their weaknesses and develop specific skills that have not been mastered. This kind of training is likely to change managerial practices in the company, but has great potential to stimulate employee knowledge sharing behavior and subsequently organizational performance to always develop innovation, especially in the Telkom Regional II Jabotabek Division.

Fostering a conducive team climate between leaders and millennial employees, which is characterized by a sense of cohesiveness, mutual trust, and innovative attitude, which will lead to positive attitudes of employees towards knowledge-sharing behavior which in turn will encourage such knowledge-sharing behavior. The knowledge that is shared between employees, especially millennial employees must be absorbed and then transformed by employees with relevant knowledge skills to be useful for the company and improve the company's innovation capabilities. If the absorptive capacity is lacking, then knowledge sharing will not provide direct benefits for the company's innovation capability.

Further researchers can look for other mediating variables in the case of the relationship between empowering leadership and team climate on knowledge sharing. In this study, the finding that occurs is that the attitude toward knowledge sharing variable is not significant as a mediating variable. Further researchers can also process data with different types of research, such as mixed research methods (qualitative and quantitative).

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