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Charismatic Leadership and Participation Strengthening Innovation Culture in HRM Planning

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ABSTRACT

Innovative Human Resource Management (HRM) planning is necessary for public sector organisations amidst digital transformation and bureaucratic decentralisation demands. However, efforts to form a culture of innovation in HRM planning often face structural, cultural, and participatory obstacles. **This study aims** to analyse the influence of charismatic leadership, the culture of innovation, and employee participation on forming a culture of innovation in HRM planning and evaluate the moderating role of employee participation in the relationship. **This study uses a quantitative** approach with an explanatory type conducted on local government employees in 27 districts/cities in West Java Province, Indonesia. A sample of 200 respondents was selected by purposive sampling, namely civil servants directly involved in planning and implementing HR policies. Data collection techniques were carried out through distributing questionnaires, while data analysis used the Partial Least Squares - Structural Equation Modeling (PLS-SEM) method. **The results showed** that charismatic leadership, innovation culture, and employee participation significantly influence the formation of innovation culture in HRM planning. In addition, employee participation is shown to moderate the effect of charismatic leadership positively but negatively moderate the relationship between innovation culture and the formation of innovation culture. **These findings suggest** that participation management needs to be strategically designed to avoid the burden of counterproductive roles. These results confirm the importance of strengthening leadership capacity, instilling organisational innovation values, and effective participation management in building an HRM planning system that is adaptive, collaborative, and aligned with the spirit of startup-era governance.

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1. INTRODUCTION

Innovation has become a strategic element in Human Resource Management (HRM) planning and development, especially in the startup era that demands organisations to be agile, adaptive, and solution-oriented. Public sector organisations, including local governments in West Java Province, Indonesia, also face similar pressures to improve institutional effectiveness, efficiency, and competitiveness through innovative bureaucratic reforms [1]. In this context, a culture of innovation in HRM planning is crucial to strengthen the capacity of the state civil apparatus to face the challenges of the digital, collaborative, and transformative era [2, 3].

However, a culture of innovation does not grow spontaneously. Charismatic leadership through shared vision, motivation, and inspiration for change plays a central role in shaping a work environment that encourages continuous improvement [4]. In HRM planning, charismatic leadership is crucial for shaping an environment that fosters employee innovation and motivates them to align their creative efforts with organizational goals [5, 6].

Employee participation supports innovation through collaboration and bottom-up ideas, yet its role as a moderator between leadership and innovation in HRM planning particularly in startup era governance remains underexplored [7]. In West Java, digitalisation reforms require participatory leadership despite hierarchical constraints [8]. Older references were updated with recent studies, while seminal works were retained for foundational relevance [9].

Beyond moderation testing, this study contributes by positioning employee participation as an organizational mechanism shaping the internalization of innovation values in HRM planning. It identifies employee participation as a dual-effect moderator that can both enhance and hinder innovation culture, offering new insights into managing participation within startup-style governance [10, 11]. While existing research emphasizes the direct effects of leadership and culture on innovation, our findings suggest that participation may also hinder innovation due to overload and decision fatigue.

This study introduces a theoretical novelty by identifying participation as a dual-effect moderator and stresses the need for strategic design in its application. It enhances sustainable governance by boosting innovation, transparency, and collaboration in public administration [12]. Charismatic leadership acts as a catalyst, while participation can amplify or hinder innovation culture development [13]. This research extends prior work by positioning HRM as an innovation driver, aligning it with technopreneurship principles to foster agility, collaboration, and value creation [14].

2. RESEARCH METHODS

This study uses a quantitative, causal explanatory design to analyze the impact of charismatic leadership on innovation culture in HRM planning and test the moderating role of employee participation. This approach provides measurable, objective testing and strong statistical support for causal conclusions [15]. The research, focused on the startup era, explores how charismatic leadership fosters innovation in the public sector, with employee participation amplifying this effect [16–18].

2.1. Research Location

The research was conducted in West Java Province, Indonesia, comprising 27 districts/cities, all pursuing digital bureaucratic reform and fostering an innovative work culture. The region's varying institutional capacities and transformation readiness make it an ideal setting to examine the influence of leadership on innovation culture within a startup-based HRM planning framework. The study focused on agencies such as the Regional Personnel Agency (RPA), the Organisation Section of the Regional Secretariat, and HR and innovation management agencies in each district/city [19].

2.2. Population and Sampling Technique

The population in this study is the State Civil Apparatus (SCA) within the local government of West Java Province, which consists of people who occupy structural and functional positions and play a role in planning or implementing HR policies and innovation programmes [20]. Based on data from RPA West Java, the number of SCA who fit the criteria is around 500 people [21, 22]. The sampling technique used was purposive sampling, with the following inclusion criteria:

- Minimum class III/a.
- Working period $\geq$ 3 years.
- Involved in the formulation or implementation of HR policies or organisational innovations.

Two hundred respondents were selected for analysis, meeting the minimum sample criteria in variance-based SEM modelling [23].

2.3. Research Instruments

The main instrument was a closed and structured questionnaire based on theoretical indicators and previous research findings. Each statement was measured on a five-point Likert scale (1 = strongly disagree, 5 = strongly agree) [24]. Indicators used include: Charismatic Leadership: transformative vision, moral integrity, emotional influence, and effective communication. Employee Participation: involvement in decision-making, contribution to innovative ideas, and role in change implementation. Innovation Culture: tolerance for mistakes, support for creativity, cross-functional collaboration, and exploration of new ideas. The instruments were tested in the pilot study using content validity (expert judgement) and internal reliability (Cronbach's Alpha) with values > 0.70 for each construct.

2.4. Data Collection Sources and Techniques

Primary data was collected from SCA respondents through two methods: paper-based questionnaires distributed directly to local agencies online questionnaire (Google Form) to expand geographical coverage[25]. Secondary data were obtained from official documents such as staffing strategic plans, bureaucratic reform reports, local regulations, and academic literature to enrich the context for interpreting and validating results [26].

2.5. Research Time

Research activities were carried out from January to April 2025, including the preparation stage, data collection, and analysis of results.

2.6. Data Analysis Technique

Data was analysed using the Partial Least Squares Structural Equation Modeling (PLS-SEM) method through SmartPLS 4 software. This method is suitable for complex theoretical models and non-normal data and involves moderation tests [27, 28].

The analysis steps include: Testing the Measurement Model (Outer Model): Convergent validity: outer loading > 0.70 and AVE > 0.50, Composite reliability: CR > 0.70, Discriminant validity: Fornell-Larcker and HTMT. Statistical Assumption Testing: Data normality, Multicollinearity (VIF< 5), Heteroscedasticity test. Testing the Structural Model (Inner Model): R^2 value to see the predictive power, Q^2 value for predictive validity, Path coefficient for the strength of the relationship between variables. Bootstrapping test (5,000 subsamples) for statistical significance of direct paths and moderation effects [29]. This technique analyzes charismatic leadership's impact on innovation culture and explores whether employee participation strengthens this relationship in startup-era HRM planning.

3. RESULT AND DISCUSSION

To improve readability, only summary statistical outputs relevant to hypothesis testing are included in the main text, with detailed measurement-model results moved to the Appendix. This follows PLS-SEM reporting conventions, ensuring clarity and transparency [30, 31].

3.1. Characteristics of Respondent

This study involved 200 local government employees from districts and cities in West Java Province, selected through purposive sampling based on their active roles in planning, decision-making, and implementing HRM-related public service innovations [32]. This selection ensures that respondents possess adequate knowledge and practical experience relevant to HRM planning and innovation processes. Their involvement also provides a representative overview of organisational dynamics across different administrative regions. The full respondent profile is presented in Table 1.

Table 1. Characteristics of research respondents

Variables	*Category*	*Number (people)*	*Percentage (%)*
Gender	Male	116	58%
	Women	84	42%
Age	<30 years	30	15%
	30–40 years	70	35%
	41–50 years	60	30%
	>50 years	40	20%

Last Education	Diploma/Bachelor's Degree (S1)	130	65%
	Master (S2)	60	30%
	Doctorate (S3)	10	5%
Period of Service	<5 years	40	20%
	5–10 years	60	30%
	>10 years	100	50%
Position	Implementation Staff	80	40%
	Supervisor/Coordinator	60	30%
	Manager/Head of Field	40	20%
	Echelon Officials (Leaders)	20	10%
Policy Area	Public Service	90	45%
	Regional Innovation	60	30%
	Development Planning	50	25%

West Java respondents show strong HR capacity, with high education and experience levels [33]. This diversity supports analysis of leadership, participation, and innovation culture within modern HRM planning [34, 35]. Broad regional representation also strengthens the validity of adaptive public sector HRM insights [36].

3.2. External Model

To meet the journal's page limit, detailed outputs are provided in the supplementary materials, while key results appear in the main manuscript [37]. Figure 1 shows the PLS model linking Charismatic Leadership (X) to Innovation Culture (Y) in HRM Planning, with Employee Participation (Z) as the moderator [38].

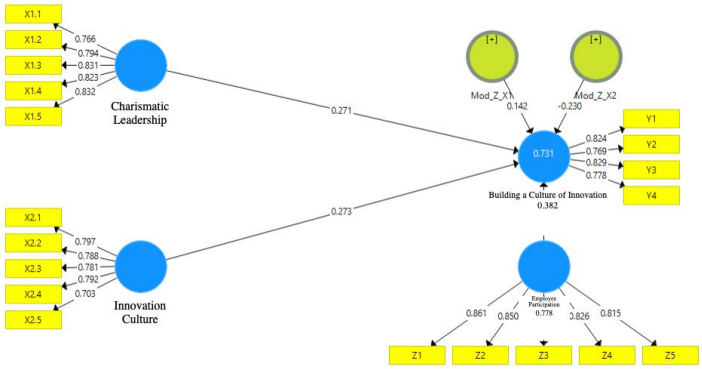

Figure 1. Partial Least Squares (PLS) Model

This model shows the outer loading of each indicator on its construct. A loading value > 0.70 indicates adequate convergent validity [39]. It also presents path coefficients to assess the strength and direction of relationships between constructs, which are used to test the main and moderating hypotheses [40].

3.3. Outer Model Evaluation and Convergent Validity

The table reports indicator loadings for Charismatic Leadership (X1), Innovation Culture (X2), Employee Participation (Z), their moderating interaction effects, and Innovation Culture Formation (Y) [41]. These loadings reflect the strength and validity of the measurement model, indicating how well each indicator represents its underlying construct, as summarized in Table 2.

Table 2. Outer Loading Value

	Innovation Culture (X2)	Charismatic Leadership (X1)	Employee Participation (Z)	Mod_Z_X1	Mod_Z_X2	Formation of Innovation Culture (Y)
Innovation Culture (X2)						
Employee Participation (Z)					1.060	

Charismatic Leadership (X1) Employee Participation (Z)			1.250	
X1.1		0.766		
X1.2		0.794		
X1.3		0.831		
X1.4		0.823		
X1.5		0.832		
X2.1	0.797			
X2.2	0.788			
X2.3	0.781			
X2.4	0.792			
X2.5	0.703			
Y1				0.824
Y2				0.769
Y3				0.829
Y4				0.778
Z1			0.861	
Z2			0.850	
Z3			0.778	
Z4			0.826	
Z5			0.815	

Most indicators have loading values above 0.70, indicating strong convergent validity. Indicators close to the minimum (e.g., X2.5 = 0.703) are still acceptable if the AVE meets the threshold of 0.50 [42]. This outer model shows that all latent constructs Charismatic Leadership, Innovation Culture, Employee Participation, and Innovation Culture Formation have valid indicators, meeting convergent validity criteria. The model is ready for testing the structural model to assess the hypotheses [43].

3.4. Inner Model Multicollinearity Analysis

As shown in Table 3, all VIF values are below 5, indicating no multicollinearity among constructs. This confirms that each predictor contributes unique information and supports stable regression estimates [44]. The model also meets the independence assumption, enabling accurate interpretation of causal relationships [45]. The absence of multicollinearity further strengthens the validity of the findings.

Table 3. VIF Inner Model

	Innovation Culture (X2)	**Charismatic Leadership (X1)**	**Mod_Z_X1**	**Mod_Z_X2**	**Employee Participation (Z)**	**Formation of Innovation Culture (Y)**
Innovation Culture (X2)						1.956
Charismatic Leadership (X1)						2.527
Mod_Z_X1						2.667
Mod_Z_X2				2.519		
Employee Participation (Z)						2.162
Formation of Innovation Culture (Y)						

A VIF value below 5 indicates that there is no serious indication of multicollinearity in the model, which means that the model can produce stable predictions.

3.5. Multicollinearity Analysis of The Outer Model

The VIF values shown in Table 4 are all below 10, indicating no multicollinearity issues in the measurement model.

Table 4. VIF Outer Model

Indicators	VIF
Innovation Culture (X2) * Employee Participation (Z)	1.000
Charismatic Leadership (X1) * Employee Participation (Z)	1.000
X1.1	1.800
X1.2	1.862
X1.3	2.558
X1.4	1.965
X1.5	2.461
X2.1	1.834
X2.2	2.119
X2.3	1.907
X2.4	2.405
X2.5	1.703
Y1	2.536
Y2	1.782
Y3	2.539
Y4	1.785
Z1	2.577
Z2	2.607
Z3	2.310
Z4	2.793
Z5	2.300

All indicators have VIF values below 10, which indicates there is no multicollinearity problem in the outer model.

3.6. Construct Reliability Analysis

Construct reliability is confirmed when Cronbach's Alpha, rho_A, and Composite Reliability exceed 0.70, indicating consistency, as shown in Table 5.

Table 5. Construct Reliability

Construct	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Innovation Culture (X2)	0.831	0.834	0.881	0.598
Charismatic Leadership (X1)	0.869	0.876	0.905	0.655
Mod_Z_X1	1.000	1.000	1.000	1.000
Mod_Z_X2	1.000	1.000	1.000	1.000
Employee Participation (Z)	0.884	0.885	0.915	0.683
Establishment Innovation Culture (Y)	0.813	0.814	0.877	0.641

All constructs in the model have Cronbach's Alpha and Composite Reliability values above 0.70, which indicates good reliability, such as in Innovation Culture (X2) with a value of 0.831.

3.7. Unidimensionality Analysis of The Model

All constructs in the model have a Composite Reliability value of more than 0.70, which indicates good and qualified unidimensionality.

3.8. Convergent Validity

Convergent validity is assessed usin AVE, where values above 0.50 indicate good validity, as shown in Table 6.

Table 6. Convergent Validity

Building	AVE
Innovation Culture (X2)	0.598
Charismatic Leadership (X1)	0.655
Mod_Z_X1	1.000
Mod_Z_X2	1.000
Employee Participation (Z)	0.683
Formation of Innovation Culture (Y)	0.641

All constructs have an AVE value of more than 0.50, which indicates good convergent validity, such as in Innovation Culture (X2) with a value of 0.598.

3.9. Discriminant Validity

Discriminant validity is assessed using the Fornell–Larcker criterion, requiring the square root of AVE to exceed inter-construct correlations, as shown in Table 7, thereby confirming adequate discriminant validity.

Table 7. Fornell-Larcker Criteria

	Innovation Culture (X2)	**Charismatic Leadership (X1)**	**Mod_Z_X1**	**Mod_Z_X2**	**Employee Participation (Z)**	**Formation of Innovation Culture (Y)**
Innovation Culture (X2)	0.773					
Charismatic Leadership (X1)	0.658	0.809				
Mod_Z_X1	-0.451	-0.553	1.000			
Mod_Z_X2	-0.452	-0.532	0.762	1.000		
Employee Participation (Z)	0.610	0.690	-0.512	-0.436	0.826	
Formation of Innovation Culture (Y)	0.714	0.745	-0.477	-0.542	0.750	0.800

Based on the Fornell–Larcker criterion, the square root of the AVE for each construct is higher than its correlations with other constructs, indicating good discriminant validity. This confirms that each variable is empirically distinct and that the structural model is valid and suitable for hypothesis testing.

3.10. Cross-Loading Analysis

The table shows that each indicator loads higher on its own construct than on others, confirming discriminant validity. This indicates that all items uniquely represent their respective latent constructs and support the reliability of the measurement model Table 8. Furthermore, no cross-loading issues are observed, ensuring clear construct distinction and strengthening confidence in the subsequent hypothesis testing, thereby enhancing the overall robustness and credibility of the study findings.

Table 8. Cross-Loading Analysis

	Innovation Culture (X2)	Charismatic Leadership (X1)	Mod_Z_X1	Mod__X2	Employee Participation (Z)	Formation of Innovation Culture (Y)
Innovation Culture (X2) Employee Participation (Z)	-0.452	-0.532	0.762	1.000	-0.436	-0.542

Charismatic Leadership (X1) * Employee Participation (Z)	-0.451	-0.553	1.000	0.762	-0.512	-0.477
X1.1	0.397	0.766	-0.480	-0.429	0.470	0.498
X1.2	0.627	0.794	-0.402	-0.365	0.594	0.628
X1.3	0.542	0.831	-0.413	-0.379	0.469	0.545
X1.4	0.528	0.823	-0.478	-0.491	0.628	0.704
X1.5	0.547	0.832	-0.468	-0.478	0.597	0.605
X2.1	0.797	0.609	-0.347	-0.316	0.494	0.534
X2.2	0.788	0.507	-0.471	-0.421	0.534	0.573
X2.3	0.781	0.528	-0.355	-0.404	0.454	0.620
X2.4	0.792	0.484	-0.338	-0.370	0.459	0.505
X2.5	0.703	0.407	-0.216	-0.215	0.411	0.511
Y1	0.573	0.580	-0.351	-0.431	0.613	0.824
Y2	0.537	0.605	-0.437	-0.500	0.539	0.769
Y3	0.617	0.588	-0.401	-0.375	0.635	0.829
Y4	0.556	0.614	-0.340	-0.436	0.612	0.778
Z1	0.557	0.553	-0.376	-0.337	0.861	0.623
Z2	0.461	0.565	-0.397	-0.402	0.850	0.623
Z3	0.593	0.568	-0.398	-0.278	0.778	0.584
Z4	0.435	0.607	-0.474	-0.418	0.826	0.642
Z5	0.482	0.556	-0.470	-0.360	0.815	0.627

The table shows that all indicator loading values on constructs are greater than cross loading on other constructs, such as indicator X1.1 loading $0,766 >$ cross loading 0,397. Thus, this model meets the requirements of discriminant validity.

3.11. Interpretation of Results (Inner Model)

Path coefficients indicate the strength and significance of relationships between constructs, with values closer to +1 showing stronger effects. The T-values of loading factors and direct paths reflect statistical significance, where higher values suggest the relationships are unlikely due to chance. These results identify the strongest influences in the model and clarify the key drivers of innovation culture, while the path diagram visually supports the tested hypotheses.

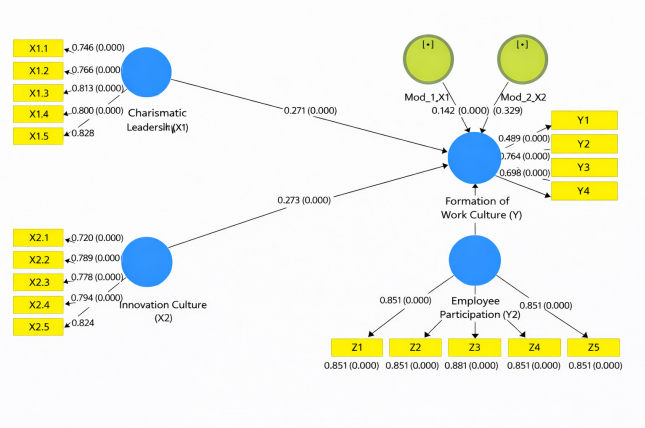

Figure 2. Bootstrapping T Value Model

The bootstrapping results in Figure 2 show that all T-values exceed 1.96, indicating significant path coefficients at the 5% level. This confirms the meaningful influence of charismatic leadership, innovation culture, and employee participation on innovation culture formation in HRM planning. The moderation effects further clarify how participation alters these relationships. The overall inner model supports all hypotheses and demonstrates strong explanatory power, with the extended visual summary presented in Figure 3.

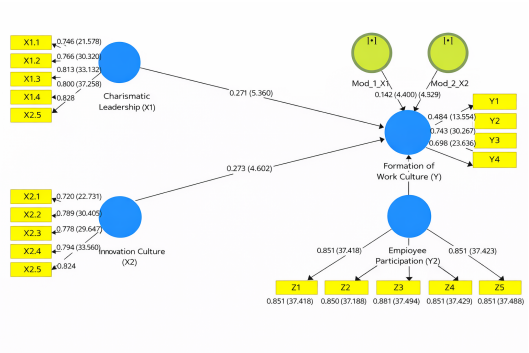

Figure 3. Bootstrapping Path P-value

3.12. Direct Effect Coefficient

The direct effect between variables is measured using path coefficients, with T-Statistics and P-Values used to test the significance of the effect.

3.13. Direct Effect

The following presents the direct effect of each independent construct on the dependent variable, as summarised in Table 9.

Table 9. Direct effect measurement results

	Original Sample (O)	Sample Average (M)	Standard Deviation (STDEV)	T statistic (—O/STDEV—)	P-value	Conclusion
Innovation Culture (X2) ->Innovation Culture Formation (Y)	0.273	0.277	0.059	4.630	0.000	Accept H1 (Significant)
Charismatic Leadership (X1) ->Corporate Innovation Culture (Y)	0.271	0.273	0.051	5.366	0.000	Accept H1 (Significant)
Mod_Z_X1 ->Innovation Culture Formation (Y)	0.142	0.143	0.035	4.068	0.000	Accept H1 (Significant)
Mod_Z_X2 ->Innovation Culture Formation (Y)	-0.230	-0.229	0.040	5.692	0.000	Accept H1 (Significant)
Employee Participation (Z) ->Innovation Culture Formation (Y)	0.382	0.379	0.054	7.119	0.000	Accept H1 (Significant)

The path coefficient shows that Employee Participation (Z) positively influences Innovation Culture Formation (Y) with a coefficient of 0.382, meaning a 38.2% increase in Y for every increase in Z. The bootstrap results (T-value = 7.119, P-value = 0.000) confirm significance. All direct effects (X1→Y, X2→Y, Z→Y) and the moderation effect are significant (P-value < 0.05). Thus, all hypotheses direct and moderating are supported.

3.14. Indirect Effects

Indirect effects refer to the effect of independent (exogenous) variables on dependent (endogenous) variables through intermediary variables (mediators). However, in this model, there are no intermediary variables, so no indirect effects can be calculated. Therefore, the effects involve only direct effects or direct effects between variables.

3.15. Total Effect

Since no indirect effect is present, the total effect is equivalent to the direct effect. The results in Table 10 show the overall influence of each variable, reflecting the combined direct relationships. All significant total effects further support the consistency and reliability of the model's structural findings.

Table 10. Total Effect Calculation Results

	Original Sample (O)	Sample Average (M)	Standard Deviation (STDEV)	T statistic (—O/STDEV—)	P-value
Innovation Culture (X2) ->Innovation Culture Formation (Y)	0.273	0.277	0.059	4.630	0.000
Charismatic Leadership (X1) ->Innovation Culture Formation (Y)	0.271	0.273	0.051	5.366	0.000
Mod_Z_X1 ->Formation Innovation Culture (Y)	0.142	0.143	0.035	4.068	0.000
Mod_Z_X2 ->Innovation Culture Formation (Y)	-0.230	-0.229	0.040	5.692	0.000
Employee Participation (Z) ->Innovation Culture Formation (Y)	0.382	0.379	0.054	7.119	0.000

In the Total Effects output, total effects match direct effects because no indirect paths exist. All P-values are < 0.05, confirming significant relationships across the model.

3.16. Coeficient of Determination: R-Square and Adjusted R-Square

The coefficient of determination (R^2) indicates how well exogenous variables explain the variance of endogenous constructs, with values close to 0.75, 0.50, and 0.25 (or alternatively 0.67, 0.33, 0.19) representing strong, moderate, and weak explanatory power. The model's R^2 results are summarised in Table 11.

Table 11. R-Square

	R Square	R Square Adjusted
Formation of Innovation Culture (Y)	0.731	0.724

The R Square value of the joint effect on Y is 0.731, with an adjusted R Square of 0.724, which indicates that the exogenous variables affect Y by 72.4%, so the effect is strong.

3.17. F Square

Effect size (f^2) is used to evaluate the magnitude of influence between variables, where f^2 values of 0.02, 0.15, and 0.35 indicate small, medium, and large effects, respectively, while values below 0.02 suggest no meaningful effect. The corresponding results are presented in Table 12.

Table 12. F Square

	Innovation Culture (X2)	**Charismatic Leadership (X1)**	**Mod_Z_X1**	**Mod_Z_X2**	**Employee Participation (Z)**	**Formation of Innovation Culture (Y)**
Innovation Culture (X2)						0.141
Charismatic Leadership (X1)						0.108
Mod_Z_X1						0.044
Mod_Z_X2						0.087
Employee Participation (Z)						0.251
Formation of Innovation Culture (Y)						

Based on the F Square value table above, the effect of Z on Y falls into the large effect size category, while the rest falls into the medium effect size category.

3.18. Quadratic (Q^2)

Cross-validated redundancy (Q^2) is used to assess predictive relevance, where Q^2 values greater than 0.05 indicate accurate predictive capability, while values below 0.05 suggest limited predictive accuracy. As shown in Table 13, the following are the calculation results.

Table 13. Q Squared (Q2)

	SSO	SSE	Q² (=1-SSE/SSO)
Innovation Culture (X2)	1000.000	1000.000	
Charismatic Leadership (X1)	1000.000	1000.000	
Mod_Z_X1	200.000	200.000	
Mod_Z_X2	200.000	200.000	
Employee Participation (Z)	1000.000	1000.000	
Formation of Innovation Culture (Y)	800.000	433.523	0.458

3.19. Model Fit

To assess whether a model meets the required fit criteria, several key indicators must be examined. The SRSR value should be below 0.05. SMARTPLS also recommends RMS Theta < 0.079, SRMR < 0.10 (ideally < 0.08), and NFI approaching 0.90. As shown in Table 14, the fit summary below presents the model's values based on these established criteria.

Table 14. Summary of suitability

Conformance Index	Saturated Model	Model Estimation
SRMR	0.080	0.081
d_ULS	1.231	1.256
d_G	0.714	0.713
Chi-Square	775.536	781.562
NFI	0.711	0.709
RMS Theta	-	0.177

The SRMR value of 0.081 meets the model fit criteria, but the RMS Theta (0.177) and NFI (0.709) values exceed the recommended limits. Thus, the model partially meets the fit criteria, with SRMR fitting but RMS Theta and NFI not meeting the standards.

3.20. The Influence of Charismatic Leadership on the Formation of Innovation Culture

Charismatic leadership is key in shaping innovation culture and HRM planning in West Java's startup-style governance. Visionary leaders foster a collaborative, change-driven environment, with this leadership style proving effective in driving innovation within more flexible organizational practices.

3.21. The Influence of Innovation Culture on HRM Planning in the Startup Era

Innovation culture drives HRM planning by fostering adaptability through values like collaboration and idea exploration. In West Java, bureaucratic reform and digitalization support its integration into HRM planning.

3.22. The Effect of Employee Participation on the Formation of Innovation Culture

Employee participation boosts innovation culture by increasing ownership and openness to new ideas. In West Java, systems like performance evaluations and rewards for innovation enhance employee involvement in shaping an innovative bureaucratic culture.

3.23. Moderating Employee Participation on the Effect of Charismatic Leadership on Innovation Culture

A key finding is that employee participation enhances the effect of charismatic leadership on innovation culture formation, with higher engagement amplifying the leader's influence. In startup-oriented governance, open communication, decentralization, and transparency further strengthen this interaction and support an innovation-driven culture.

3.24. Moderation of Employee Participation on the Effect of Innovation Culture on Innovation Culture Formation

Unstructured participation can hinder innovation due to overload and role ambiguity; thus, it must be strategically supported by digital HRM. This study supports SDG 9, 16, and 17 by advancing innovation, governance, and collaborative digital HRM in public services.

4. MANAGERIAL IMPLICATIONS

The findings highlight key managerial implications for local government leaders and HR managers to strengthen innovation culture. Charismatic leadership should be reinforced through clear vision-sharing and digital communication to build trust and engagement. Employee participation must be strategically structured with defined roles and supported by digital HRM platforms for idea management and performance tracking. Cross-department collaboration and public–private partnerships are crucial for innovative governance. Innovation initiatives should also align with SDG 9, SDG 16, and SDG 17 by embedding innovation in HRM systems, ensuring transparent governance, and promoting sustainable collaboration.

5. CONCLUSION

This study shows that charismatic leadership and employee participation are crucial in strengthening innovation culture within HRM planning, particularly in startup-era local governments. Charismatic leadership provides vision and motivation, while participation fosters shared ownership though excessive participation can create overload and reduce innovation outcomes. Thus, participation must be well-structured and supported by organisational systems.

Practically, leaders should emphasise clear vision-sharing, open communication, and recognition mechanisms, supported by digital participation tools. These approaches help HRM units shift from administrative roles to drivers of digital innovation.

Theoretically, the study identifies employee participation as a dual-effect moderator and offers guidance for technopreneurship-oriented HRM transformation aligned with SDG 9, SDG 16, and SDG 17. Future research may explore other leadership styles or incorporate digital HRM analytics to deepen the analysis of innovation-related behaviours.

6. DECLARATIONS

6.1. About Authors

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6.2. Author Contributions

Conceptualization: PI; Methodology: PI; Software: PI; Validation: PI and RE; Formal Analysis: PI and RE; Investigation: PI; Resources: PI; Data Curation: PI; Writing Original Draft Preparation: PI and RE; Writing Review and Editing: PI and RE; Visualization: PI; All authors, PI and RE, have read and agreed to the published version of the manuscript.

6.3. Data Availability Statement

The data presented in this study are available on request from the corresponding author.

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6.5. Declaration of Conflicting Interest

The authors declare that they have no conflicts of interest, known competing financial interests, or personal relationships that could have influenced the work reported in this paper.

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