

# Building Business Innovation through Knowledge Sharing, Talent Management and Intrinsic Motivation

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**Abstract.** Business competition in the digitalization era requires conventional rural credit banks to be able to innovate sustainably and survive to increase their existence in the banking world and increase the competitiveness of business performance. The purpose of this study is to analyze the influence of knowledge sharing, talent management and intrinsic motivation both partially and simultaneously on the development of business innovation in Rural Credit Banks in East Java. Data analysis was carried out using the Structural Equation Modeling (SEM) PLS method using inner and outer models. The research is quantitative with an explanatory research approach by distributing questionnaires to 176 Rural Credit Banks as respondents using a Likert scale of 1-5. The results of the study indicate that knowledge sharing, talent management and intrinsic motivation have a significant positive effect on business innovation, namely the use of work technology, both digital banking systems and how to use them. This finding strengthens the theory of resource base view and knowledge base view in increasing innovation in the Rural Credit Bank sector with the ability to share ideas and suggestions, strategic talent management and the creation of an optimal work environment.

**Keywords:** knowledge sharing, talent management, intrinsic motivation, business innovation, conventional rural credit banks.

## Introduction

In the era of digital disruption, business innovation is the main key to increasing competitiveness and maintaining existence, including in People's Credit Banks (Sukarmiasih et al., 2024). The rapid development of work technology and massive regulatory changes as well as customer expectations for the best service, the ability to innovate are competitive advantages and the main need for business sustainability (Asari et al., 2023). BPR has contributed to the community's economy, especially rural communities (Malihah, 2024). However, the challenges faced are complex when compared to commercial banks, especially digital transformation, operational efficiency, and strengthening relationships with communities and local communities (Alwi et al., 2024). The phenomenon of the closure of BPR offices and many liquidated BPRs makes this study so important.

BPRs need to adjust their business strategies not only in terms of products and services but also build organizational culture, high creativity and sustainable change (Juwaini, 2023). Regarding innovation, there is a lot of literature that relates to work technology to be a success, but in this context there are three important things, namely knowledge sharing, management talent and intrinsic motivation which are closely related to the internal aspects of the organization in terms of work behavior, competence and enthusiasm in work.

Knowledge sharing is the process of sharing experiences, information, and ideas for continuous learning and innovation (Rohim, 2022) related to the theory of the Knowledge base view that knowledge sharing is an important process in the creation of organizational knowledge and innovation (Cantú et al., 2009). The indicators include; willingness to share, opportunity to share, and the technology support system used (Rehman et al., 2015). In the context of BPR, effective knowledge sharing practices allow employees to exchange information about work procedures, service strategies, and experiences of success and failure (Abd-Mutalib & Jamil, 2020). This process creates a collectivity of knowledge that not only enriches individual insights, but also accelerates the process of problem-

solving and the creation of new ideas (Yeboah, 2023). Knowledge that is evenly distributed among employees creates efficiency in teamwork and builds a work culture that is open to change (Singh et al., 2021).

Talent management is talent management that refers to a systematic strategy in recruiting, developing, and retaining the best resources to increase productivity, creativity, and loyalty (et al., 2023). Indicator; talent acquisition, talent development, talent retention (Ruswana et al., 2024). In BPRs, which often face limitations in terms of human resources and training budgets, effective talent management is a challenge in itself (Taufik & Sumartik, 2024). However, precisely through the right talent management approach, BPRs can optimize their internal potential (Wulandari et al., 2023). By developing clear training, coaching, and career path programs, institutions can create superior human resources who are ready to innovate in the face of market dynamics (Oktavia et al., n.d.).

Intrinsic motivation arises when a person does an activity because they feel interested or think the activity is meaningful (Rahmatika et al., 2024). The indicators are satisfaction at work, the need to contribute and the feeling of having challenges. Intrinsic motivation is related to personal satisfaction, the meaning of work, and the sense of belonging to the organization (Cahyaningrum & Andriani, 1975). Business innovation includes product and service innovation, operational process innovation, and business model innovation. This innovation is important to answer market needs and increase competitiveness (Aini et al., 2024).

Many previous studies have emphasized the importance of technology, capital, or managerial strategies in innovation (Anatan, 2010), but few have examined how psychological and work behavior factors, such as intrinsic motivation and knowledge sharing, can drive innovation in traditional banking institutions. There has not been much research that directly links organizational culture (knowledge sharing), talent management strategies, and employee motivation (intrinsic motivation) to business innovation in BPRs, even though the innovation challenges are different from those of large banks. Through this study, the author wants to explore more deeply how these three variables affect BPR business innovation. The results of this study are expected to make a practical contribution to BPR management in formulating human resource development policies that support innovation, as well as provide theoretical input for the development of innovation models in the microfinance sector and in accordance with the government's SDGs no. 8, namely equitable distribution of economic growth.

## Methods

This research was conducted by taking samples from several BPRs active in the East Java region, with a quantitative approach using questionnaires as the main data collection instrument using a likert scale of 1-5. The analysis unit is an organization represented by the president director or compliance director with 177 respondents. The analysis techniques used were validity and reliability tests and inner and outer model tests using SEM PLS.

Picture 1. Conceptual Framework

Source: data processed 2025

## Result and Discussion

### Classical assumption test

In this study, a classical assumption test was carried out to ensure that the regression model used was valid and reliable. Although out of the 176 questionnaires distributed, only 146 returned, the data collected for the variables Building Business Innovation through Knowledge Sharing, Talent Management, and Intrinsic Motivation have passed a series of tests to meet the classic assumptions. For normality, the results of the Kolmogorov-Smirnov test showed a significance value greater than 0.05, indicating that the data were distributed normally. Furthermore, the multicollinearity test showed a Variance Inflation Factor (VIF) value for all variables below 5 and a tolerance value above 0.1, indicating the absence of significant multicollinearity. The heteroscedasticity test with a scatterplot shows that the data points are randomly spread above and below the number 0 on the Y axis, and do not form a specific pattern, so that the homoscedasticity assumption is met. Finally, the autocorrelation test using the Durbin-Watson test yielded values that were in the range of 1.5 to 2.5, indicating the absence of autocorrelation. Thus, all classical assumptions are met, validating the regression model used for further analysis.

### Descriptive Statistical Results

The sample was 176 respondents with questionnaires that returned 146 respondents and as many as 30 respondents did not return the questionnaire. The response rate is 82%. Respondents Most of the respondents were male as many as 89 respondents and 57 respondents were female. Respondents' age: Most of them are 41-50 years old and the respondent's position is the president director as much as 75% with having worked for 6-10 years. The results of the answers of the mean respondents with the highest average score were the indicator of willingness to share at 4.24%, the talent development indicator at 4.08% and the satisfaction at work indicator of 4.11%. and indicators include product and service innovation by 4.15%.

### Validity and Reliability Tests

The validity and reliability test of the research instrument was carried out to ensure the quality of the data used. The validity test aims to measure the extent to which the questionnaire is able to measure what it should be measured. This is done by looking at the Corrected Item-Total Correlation value for each question item. The question item is declared valid if the Corrected Item-Total Correlation value is greater than 0.3. From the test results, all question items for the variables Knowledge Sharing, Talent Management, and Intrinsic Motivation showed a Corrected Item-Total Correlation value above 0.3, so it can be concluded that all research instruments are valid.

Reliability tests are carried out to measure the consistency and stability of instruments in measuring a concept. This test uses Cronbach's Alpha value. An instrument is declared reliable if Cronbach's Alpha value is greater than 0.6. The test results show the Cronbach's Alpha values for each variable as follows:

1. Knowledge Sharing (KS): 0.892
2. Talent Management (TM): 0.915
3. Intrinsic Motivation (IM): 0.887

Since all Cronbach's Alpha values are greater than 0.6, it can be concluded that this research instrument is reliable and consistent. Thus, the data obtained through the questionnaire is already feasible to be used in further analysis.

### Inferential Statistical Results

The results of the convergent validity test showed that all the loading factors of the indicator can form variables with a value of  $> 0.70$ . The results of the discriminant validity of the reflective model show that Cronbach's alpha value is more than 0.70 which indicates the reliability of all existing constructs. Outer and Inner Model Results. In the inner and outer model testing with SEM PLS software, an R square value was obtained which formed a business innovation of 0.866 or 86%. So, 14% were influenced by other variables outside of this study. The path coefficient result can be seen in the table below:

**Tabel 1. Path Coefficient Result**

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ( O/STDEV )	P values
X1 -> Y	0.348	0.344	0.108	3.079	0.001
X2 -> Y	0.249	0.149	0.107	3.194	0.000
X3 -> Y	0.559	0.386	0.109	4.615	0.000

Source: SEM PLS data processed 2025

The results show that Knowledge sharing has a positive and significant coefficient value for business innovation of 34.8%. Talent Management has a positive and significant coefficient value for business innovation of 24.9%. Intrinsic motivation has a positive and significant coefficient value for business innovation of 55.9%.

## Discussion

1. Knowledge sharing has an effect on business innovation. Knowledge sharing has a positive and significant coefficient value, meaning that the higher the level of knowledge sharing among BPR employees, the higher the potential for innovative ideas to emerge. In practice, structured knowledge sharing creates informal and formal communication networks between departments that facilitate information exchange and problem-solving. This speeds up the decision-making process, increases the speed of adaptation to change, and reduces duplication of work. In addition, knowledge sharing also creates a culture of continuous learning, where employees not only work to complete tasks, but also actively seek new ways that are more effective and efficient (Oktavia et al., n.d.). A comprehensive approach is needed to encourage knowledge sharing, starting from leaders who set an example, the use of internal information technology, to appreciation for the contribution of ideas and solutions from employees.
2. Talent Management has an effect on business innovation. Talent management contributes greatly to the creation of innovation. Good talent management allows organizations to identify individuals with high potential, provide them with opportunities to grow, and create a clear reward system and career path (Ruswana et al., 2024). When the best talents are strategically positioned and given adequate support, they tend to be more proactive in creating and implementing innovation. In the context of BPR, this can be realized through leadership training, job rotation, the formation of innovation teams, and the provision of experimental projects to young employees
3. Intrinsic motivation also shows a positive influence on innovation. Employees who have high intrinsic motivation typically show enthusiasm in completing tasks, feel proud of their work, and have a strong desire to contribute to the progress of the organization. In this study, intrinsic motivation was measured through indicators of job satisfaction, sense of having challenges, and feelings of contributing to the organization (Rahmatika et al., 2024). The results show that motivation from within employees provides a strong impetus in generating new ideas and taking initiative. In BPR, managers should not only focus on achieving operational targets, but also pay attention to the emotional and psychological needs of their employees

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## Conclusion

Innovation in BPR cannot be built instantly or rely solely on technology. An organizational ecosystem is needed that supports knowledge exchange, planned talent management, and high intrinsic employee motivation. By building synergy between these three elements, BPRs can create sustainable innovative advantages, while increasing competitiveness in the digital banking era.

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