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# LEADERSHIP AND CREATIVITY: A CRITICAL REVIEW TRANSFORMATIONAL LEADERSHIP STYLE AND VIETNAMESE BANKING STAFF'S CREATIVITY

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**Abstract:** This research paper reviews theories of leadership and creativity in depth. It then investigates the relationship between transformational leadership (TFL) and employee creativity (EC), aiming to find a suitable leadership approach that can enhance employees' creativity in the banking sector in Vietnam. The quantitative method was applied, and SurveyMonkey software was used to collect data sets of full-time staff working in commercial banks in Vietnam. They hold a minimum bachelor's degree and have experience of at least six months. The framework and hypotheses were tested using SPSS software to analyse data. Findings confirm that transformational leadership is a suitable leadership style that positively affects EC and suggests that banking leaders should apply transformational leadership to daily banking activity to improve the staff's creativity.

Keywords: Transformational leadership, employee creativity, VietNam

### Introduction

The banking industry plays an integral part in the survival and growing economy. It is also an essential part of the financial system in allocating funds to the most successful investment options and efficiently transferring funds from depositors to borrowers (Abusharbeh, 2017; Haralayya & Aithal, 2021; Kazarenkova & Kolmykova, 2017; Reavis, 2021; Tongurai & Vithessonthi, 2018; Zaylobitdinova et al., 2022). Commercial banks are based on centralised administration structures and lack participation in organisational learning and innovation activities (Kassa, 2021; Omondi et al., 2017). Banking branch managers do not pay much attention to fresh creative ideas generated by employees and lack motivation and encouragement for creative staff. Senior team leaders rarely share professional experiences and are unwilling to commit to developing new technologies and processes for banks (Kassa, 2021). As a result, banking employees are hesitant to create and accept new ideas and feel creativity challenges in using the latest finance systems and banking services (Andleeb et al., 2020; Jafri, 2022; Kassa, 2021). EC is the key to improving company performance, encouraging innovation to defend the company against the competition, which is critical to the banking sector's success in a world facing exponential technological and competitive growth (Fatimah & Martdianty, 2020). Therefore, one of the current leaders' primary concerns is finding the appropriate leadership style to improve employee creativity. Several studies investigated leadership approaches, behaviours and factors affecting employee creativity, primarily conducted in developed countries and some Asian nations. Still, Vietnam has limitations in empirical research on the relationship between TFL and EC in the banking sector. This research paper will focus on what characteristics of transformational leadership style influence employee creativity in five commercial banks in Vietnam.

#### **Problem statement**

Ample studies have been done on the relationship between TFL and EC, but much of it has been done in developed countries and has not revealed every aspect of TFL in depth. In addition, there is a shortage of study on employee creativity in the banking industry that draws a thorough connection between the causes and effects of creativity theories. As a result, it is difficult to see how TFL improves EC in this context. Hence, this study explores the relationship between transformational leadership and employee creativity in the context of Vietnam.

#### The rationale of the study

Bank performance, particularly in emerging nations such as Vietnam, is a good indicator of the economy's long-term viability, promoting other economic, social, and environmental fields. After transitioning from a centrally planned to a market economy, Vietnam has made significant attempts to rebuild its financial sector (Haralayya & Aithal, 2021; Nguyen & Ryu, 2022). Commercial banks continue to be at the vanguard of driving economic growth and development, notwithstanding the Covid-19 pandemic (Hang et al., 2021). However, many banks lack executives and staff with professional qualifications and creativity that have not met the requirements of the competition and integration (Nguyen & Đao, 2021). This situation motivated and inspired the researcher to conduct this paper in the banking sector in Vietnam.

# Objectives of the study

The major goal of the study is to compare the degree of impact of each aspect of TFL and understand how TFL behaviours affect EC in detail. This research will contribute to the existing knowledge of leadership and management and fill the gap in the relationship between these variables by providing literature from Vietnam for future reference by other researchers. The results of this study can also assist managers and leaders in the banking industry in choosing appropriate leadership behaviours to enhance employee innovation.

# Scope of the study

The study was carried out in five commercial banks in Vietnam. In light of the worldwide integration trend, commercial banks must improve the quality of service and employee performance to attract the wave of investment capital flowing from rich countries to developing countries. The study focused on TFL and EC relation, emphasising II, IM, IS, IC (as the independent variable) EC (as the dependent variable).

#### Research questions

How does transformational leadership influence on Vietnamese banking staff's creativity

# **Literature Review**

The researcher has focused on theories associated with leadership and creativity; what kind of leadership style can enhance employee creativity.

# Creativity

Many theories related to creativity, such as the componential theory of creativity, prosocial motivation theory, and social cognitive theory, were reviewed in this paper. The componential theory of creativity is a comprehensive model of the social and psychological components required for a person to produce creative work, showing that EC is correlated with personal and contextual characteristics, and intrinsic motivation is the primary motivating mechanism supporting these linkages (Amabile, 1988, 1996).

Amabile (1988) is one of the first researchers to concentrate on environmental elements supporting or hindering EC; after that, Shalley (1991) provides evidence to support the influence of productivity and creativity goals on EC. Woodman et al. (1993) point out that personal interaction and organisational and environmental factors can affect EC. The basis for EC research was laid in the late 1980s by looking into the influences of various contextual or institutional factors, how contextual factors interact, and the levels of individual creativity (Amabile, 1988; Amabile et al., 1996; George & Zhou, 2001; Shalley, 1991; Shalley et al., 2009; Tierney et al., 1999).

From the componential perspective, Amabile (2011) introduces creativity as the root of motivation to create new ideas, including four components of creative responses in which "three components within the individual: domain-

relevant skills, creativity-relevant processes, and intrinsic task motivation, and one component outside the individual: the social environment" (p.2). During the creative process, the individual draws on these materials to judge possibilities for responses. On the other hand, creativity-relevant methods (initially referred to as creativity-relevant skills) include the individual's cognitive style conducive to embracing and creating novel, independent, flexible solutions for problems (Amabile, 2011). These also involve personalities favourable to a disciplined working style, such as self-discipline and a tolerance for ambiguity. At a higher level, intrinsic task motivation the third component - indicates an individual's passion for committing themself to a task due to pure interest in the study or for a sense of satisfaction and accomplishment from overcoming a challenge (Amabile, 2011). Humans believed to function to their fullest in terms of creativity when intrinsically motivated (Shalley et al., 2004). Lastly, the external component is the context, including the work environment. This involves all factors in the domain that can serve as obstacles (e.g., harsh critiques, internal political issues) or as stimulants to intrinsic motivation and creativity (e.g., encouraging supervisor, supportive management system, well-communicated vision, cooperative team, space for autonomy, or recognition of creative activities) (Amabile, 2011).

Woodman and his colleagues (1993), in line with Amabile, consider creative performance as a phenomenon on the individual plane that personal and contextual variables can influence, drawing on the interactionist approach to organisational creativity. They highlight the role of cognitive styles and unique traits on the individual level and contextual factors on the corporate level. They also emphasise the interaction between the individual and the organisation. In their contention, the extent of cross-level communication between individual, group, and organisational characteristics is essential for enhancing or constraining creativity. The idea has developed into the leader-member exchange theory (LMX), highlighting a key "correlation between the intrinsic motivation orientations of the leaders and their subordinates and between LMX and the cognitive styles conducive to EC" (Tierney et al., 1999, p. 591).

Creativity is critical to the banking sector's success in an ever-changing world, which is the key to improving company performance and encouraging innovation to defend the company against the competition (Fatimah & Martdianty, 2020). EC is defined as "the production of novel and useful ideas in any domain" (Amabile et al., p.1155). It involves creating new ideas and constructive results to problems, referring to new approaches; developing unique and realistic views about technology, process, techniques, and products to increase outcomes and gain expectations (Amabile et al., 1996; Sternberg, 1999; Unsworth, 2001; Woodman et al., 1993). In organisations, EC is considered as "a production of ideas, products, or procedures that are novel and original, and potentially useful to improve current performance" (Sirkwoo, 2015, p.19). It involves recognising the problem, questing and encoding information, and generating ideas (Henker et al., 2015), contributing to organisational success. Thus, EC is of great importance for the long-term survival of organisations (Oldham & Cummings, 1996; S. Scott & R. Bruce, 1994) in that it helps create new solutions to address business issues, develop strategies for doing business, or reform job processes (Alarifi, 2014; Amabile, 1988, 1996; Woodman et al., 1993), leading to accomplishments in implementing projects, new product launches, or new services (Amabile et al., 1996).

Employee creativity is positively influenced by knowledge sharing, organisational learning culture, and job satisfaction (Perizade & Marwa, 2021). Employees with a higher level of factual awareness, technological abilities, distinctive abilities, and a stronger inclination to handle cognitive information in an insightful and varied manner are more likely to exhibit higher frequency and creativity rates (Amabile et al., 1996; Simonton, 2000; Tierney et al., 1999). In other words, creative employees have more organisational experience and well-developed skills than others. Before starting work, they understand specific aims and inherently encouragement. They are independent and unconventional in their work, so they can take a higher risk and have broader preferences and greater tolerance to new experiences (Simonton, 2000). EC refers to the ability to develop unexpected, fresh, or unique ideas that need curiosity and imagination to learn new things, combine resources, and devise new tactics to meet unfulfilled market demands (Volery & Tarabashkina, 2021).

Scott and Bruce (1994) further contend that the quality of leader-subordinate exchange or relationship should impact subordinates' creativeness. Without trust and liking, low-quality relationships are likely to impede subordinates' autonomy or discretion of creative ideas. This has been later exemplified through George and Zhou's (2001) empirical study. The findings of the study pointed out that supervisors' close monitoring impedes creativity in conscientious employees (Barrick & Mount, 1991; Tett et al., 1991).

Oldham and Cummings (1996) also concluded that authoritative management (e.g., restraining employees to specific modes of thinking, feelings, or behaviours) would negatively affect employee creativity. On the other hand, a considerable volume of research that focused on the role of leadership and supervisory behaviours in the creative process has provided further evidence that leader-subordinator open interactions, encouragement, and support are likely to stimulate employees' creativeness (Kimberly & Evanisko, 1981; Oldham & Cummings, 1996; Tierney et al., 1999). Creative activities can, in other words, occur in response to supportive leadership/supervision (i.e., leaders facilitate employees' creativity with favourable working conditions). A high-quality relationship allows for trust, autonomous decision, and self-reliance in performing tasks and making task-related decisions, which foregrounds creative activities.

Unsworth (2001) pointed out the relationship between leadership behaviours and EC. Oldham and Cummings (1996) also empirically study interactions between dispositional and institutional, creativity in the workplace, and success. On top of that, some authors also show the initial engagement of employees in creative activities and establish two dimensions of creativity: kinds of motivation and problem (Mumford et al., 2002; Shalley et al., 2009).

Zhou and Shalley (2003) synthesised that creative performance is considered the generation of novel, original, practical and valuable ideas, products, procedures, or services (Amabile et al., 1996; Sternberg & Lubart, 1996).

Anderson et al. (2014) revealed that individual creativity occurs when workers work individually or in a group or a team. Individuals become more creative when collaborating with their colleagues rather than working alone (De Dreu & West, 2001). Their successful implementation contributes to organisational innovation (Amabile, 1988). EC is one of the prerequisites of corporate innovation, which improves competitive advantages and performance of the organisation (Hon, 2013; Hon & Lu, 2015; Janssen et al., 2003; S. Scott & R. Bruce, 1994). Thus, leaders in organisations can base on these components to control workplace practices and conditions and influence the creative behaviour of employees. Workers' creativity depends on their psychological engagement in creative processes (Amabile, 1988; Carmeli & Schaubroeck, 2007). It results from focusing on fresh and valuable ideas categorised into three components: knowledge, creative thinking skills, and motivation (Shalley & Gilson, 2004; Shilling, 2008).

An organisation exhibits creative approaches when they have the opportunity to expand complex projects and stages to build new and innovative ideas to deal with the customers (Alarifi, 2014). Hence, fresh and valuable ideas in solving problems and successful implementation of new services or new product introductions can be considered significant variables in that they can influence the creativity of employees (Alarifi, 2014). Based on studies by Zhou and George (2001) and Scott and Bruce (1994), many researchers came up with practical ideas for how to measure these variables, showing leading indicators such as creative approaches on the job, detailed plans, and stages to build new ideas to deal with the customers' (Alarifi, 2014; Zhou & George, 2001). Organisations with developmental and rational cultures create a positive sense of EC; in contrast, negative outlooks about EC happen in the hierarchical culture environment (Makumbe, 2021). EC increases when they work under transformational leaders and see a high personal effort (Karunasekara et al., 2021).

Employee creativity results from corporate social responsibility, with job engagement and psychological safety mediating factors (Ahmad et al., 2022). Recent literature emphasises employee creativity in today's technological age and modern economy. Social media can help employees be more creative. Personal innovativeness in new technology is linked to the creativity (Korzynski et al., 2019). "Creative self-efficacy moderates the association between actual internet use and employee creative performance" (Yamin & Sweiss, 2020, p. 396). Personality variables influence employee creativity during probation and formal employment periods, understanding how personality predicts

creativity at various stages of the employment (Yao & Li, 2021). In the psychological capital setting, self-efficacy and resilience play mediating roles, positively affecting employees' creativity (Yu et al., 2019). Curiosity affects cognitive processes and psychological emotions, leading to EC (Chang & Shih, 2019). Information technology, trust, compensation, leadership, and corporate culture impact employees' knowledge-sharing behaviour, encouraging employee creativity (Sharma & Kumar, 2021). Employee creativity and inventive workplace orientation can be influenced by self-leadership, tempered by the organisation's creativity climate (Ghosh, 2015). Employee polychronic positively influences employee creativity in the employee resilience (Anser et al., 2020).

Shaikh (2022) assessed the EC of staff from the commercial bank sector in Pakistan. The findings pointed out that creative bankers are inventive because they produce original ideas, provide innovative solutions, and aim to implement new ideas.

Lin and her colleagues (2022) investigated the antecedents of service quality motivation and collaboration climate and the impact of service quality on the creativity of banking employees in China. They found out that in a cooperative environment, the relationship between employee motivation and creativity becomes more effective, as does service quality management (social interaction and knowledge sharing) (Lin et al., 2022). "Developmental feedback improves employee creativity through the mediating role of task efficacy and information exchange" (Thuan, 2021, p. 1).

Past studies have recommended that research into creating creativity in an organisation should include examining the quality of communication between organisational and individual attributes and the interaction between leaders and employees. The findings of the above papers provide valuable knowledge for the current study because the study focuses on creative work occurring in jobs that involve specific tasks (Mumford et al., 2002) and the frequency of creative behaviour of employees (Amabile et al.,1996). Reviewing previous papers provided information that TFL positively impacts EC, supporting this current study.

# Leadership style

There have been numerous notions of leadership, each highlighting a different aspect. Most researchers state that leadership is associated with leading employees to achieve a common goal of the organisation, whether it is a process, relationships in the organisation, or the achievement of goals (Ali, 2022; Bolden, 2004; Helmold, 2022; Rickley & Stackhouse, 2022). "Leadership is a crucial predictor of employee, team, and organisational creativity and innovation" (Hughes et al., 2018, p. 2). It is not only about the influence of leaders on employees but also a goal achievement and shared objectives in an organisation (Ali, 2022). The theories on leadership discussed in this review include The Great Man Theory and Trait Approach, which believe that leadership skills are inborn, not created. These theories were disputed by other theories such as Behavioural Approaches, Contingency theories of leadership, 'Path-goal leadership theory, and Leader-member exchange theory (LMX). Other studies implied that leadership is a leader-follower transactional event (as in transformational and transactional leadership theories). The leader needs to be flexible in guiding, motivating, and influencing the employee to adapt rather than behave in a superior position. Leadership is also about how leaders persuade their followers to act in ways that the leader desires (Allen, 1998; Bass, 1985; Burns, 1978; Northouse, 1999; Stogdill, 1950; Yukl, 1989). Leadership is associated with organisational goals in which the leader and follower have a common goal or purpose, and they work hand in hand to set and achieve a mutual goal. These influences are relevant to developing objectives and strategies for task performance, encouraging employees' involvement and commitment, identifying and maintaining goal achievement, and nourishing the organisation's culture (Bush & Glover, 2003; Clark & Clark, 1996; Jacobs & Jaques, 1990; Northouse, 1999). Hence, the study of leadership is essential in understanding organisational behaviours and a crucial part of contributing to the success or failure of any organisation (Bolden, 2004; Yukl, 2012). The table below summarises leadership theories and their contributors and limitations.

# **Summary of Leadership Theories**

Leadership	Key concepts	Contributors	Limitations
Theory	-		
Great Man	It reveals that certain rare individuals are	This approach identifies a	This approach
Theory	born to become good leaders, not made	leadership personality,	identifies a leadership
(1849)	(Kumaran, 2012). It implies that this person	but it is neither	personality, but it is
	was born with inherent leadership qualities	scientifically grounded	neither scientifically
	such as height, physical appearance, and	nor empirically valid	grounded nor
	intelligence that will enable him to become	because of its absurd	empirically valid
	a great leader (Fiedler & House, 1988).	belief in the nature, not	because of its absurd
	These leaders have the potential to transform	nurture, characteristics of	belief in the nature,
	history or bring about significant social	leadership skills,	not nurture,
	changes (Organ, 1996).	separating the leader	characteristics of
		from situational impacts.	leadership skills,
		However, this theory has	separating the leader
		not been completely	from situational
		abandoned (Cawthon,	impacts
		1992), it is ground	
		knowledge for further	
		studies.	
Trait	Focusing on the traits of leaders that are	This theory has laid the	This perspective view
Approach	inborn and remain relatively stable over	foundation for research	leadership merely
(early 20th	time. Leaders need to concentrate on styles	on human leadership that	focuses on the
century)	and abili	focuses on the ability of	individual leader's
	ties, making them into true leaders. The trait	leaders and how to	traits without a
	approach highlights patterns of behaviour	become a successful	holistic view of their
	that are consistent across situations and	leader (Adams, 2018;	relation to the
	determines unique and innate leadership	Stogdill, 1950)	leader's roles towards
	qualities related to social or political nature,		his/her followers and
	which makes them excel in their leadership		the task situation.
	role (Allen, 1998; Fleenor, 2006).		
Behavioural	Task-oriented (initiating structure)	This approach	The fundamental
Approaches	leadership and people-oriented	concentrated on creating	disadvantage of the
(Studied at	(consideration) leadership (Tracy, 1987).	good relations between	behavioral approach
Ohio State	Regarding task- oriented style, leaders are	leaders and subordinates,	is that present theory
and	supposed to identify roles of leaders and	and planning, completing	is heavily reliant on
Michigan	those of followers involved in planning,	tasks beyond expectation	normative
Universities	communicating, and scheduling work to	(Fleishman & Harris,	expectations about
can be seen	achieve their common goals. In contrast, the	1962). In general, this	leadership and does
as the	people-oriented dimension reflects that the	behavioral approach	not provide any
earliest	leaders treat all group members with equal	contributes to the science	prediction or control
researchers	rights, respect for subordinates, creating an	of leadership. It provides	over performance
on this	atmosphere of mutual trust in organization	two different forms of	behaviours (Davis &
approach in	(Tracy, 1987). It is oversimplified as the	leader behaviour and	Luthans, 1979).
the 1950s)	relationship between productivity and	shows the necessity for a	

Leadership	Key concepts	Contributors	Limitations
Theory			
	leaders' behaviours seems to be insignificant	balance in these two	
	and the leader's behaviours are completely	leadership styles	
	ignored. As a result, it raises a question	(Northouse, 1999).	
	whether there is a need for a combination of		
	people-oriented (high consideration) and		
	task-oriented structure (high initiating)		
	(Davis & Luthans, 1979). Task-oriented		
	(initiating structure) leadership and people-		
	oriented (consideration) leadership (Tracy,		
	1987). Regarding task- oriented style,		
	leaders are supposed to identify roles of		
	leaders and those of followers involved in		
	planning, communicating, and scheduling		
	work to achieve their common goals. In		
	contrast, the people-oriented dimension		
	reflects that the leaders treat all group		
	members with equal rights, respect for		
	subordinates, creating an atmosphere of		
	mutual trust in organization (Tracy, 1987).		
Contingency	The theories focus on how leaders behave in	The studies discovered	
theories of	various situations (Fiedler & House, 1988).	primary elements to	
leadership	Changes in leadership behaviours should be	effective leadership	
	based on situations because various	styles such as situation,	
	situations need and produce different	authority, and	
	leadership styles (Goldsmith et al., 2003).	relationship between	
		leader- followers.	
Path-goal	The theory considers employee motivation	This approach allows for	It covers numerous
leadership	as a main role of leaders, and a preference in	a great deal of flexibility	management and
theory	leadership styles (House, 1971). The leaders	in selecting a good	leadership concepts
	need to help and motivate their followers to	leadership style based on	so it is not easy to put
	achieve their goals in different ways	the situation. Result-	into practice.
	according to what the employees need or	oriented employees are	Furthermore, "the
	prefer.	preferred. (House, 1996;	theory's success is
		Landrum & Daily, 2012).	difficult to assess, and
		It is appropriate for the	as a result, its
		subordinate's	adoption in the
		personalities as well as	management society
		the working	is not universal.
		environments. It's also a	Another fault in the
		comprehensive	theory's design is that
		leadership strategy that	it solely considers a
		can be implemented in	leader's effect on an
		virtually any firm while	employee while

Leadership	Key concepts	Contributors	Limitations
Theory			
		ensuring employee	ignoring the reverse
		motivation and pleasure,	process" (Landrum &
		which are essential	Daily, 2012, pp. 56-
		success criteria of any	57).
		organization (House &	
		Mitchell, 1975).	
<b>T</b> 1		TTI YAYYA 1	mi i i i i i i i i i i i i i i i i i i
Leader-	The theory focuses on leader-subordinate	The LMX theory shows	The LMX theory
member	interaction in a group. The group's actions	how the leaders react	overlooks how to
exchange	and followers' loyalty are determined by	differently to each	cultivate or achieve
theory	how successfully leaders operate with their	follower based on their	mutual trust, respect,
(LMX	subordinates and the formal job description	different contributions	and a sense of
theory)	of the leaders (Liden & Graen, 1980)	and uniquely	obligation
(1972)		concentrates on the	(Northouse, 1999;
		quality of this	Yukl, 2010).
		relationship (Northouse,	However, this theory
		1999).	did not present the
			fairness within an
			organisation, overall
			satisfaction, or
			confidence in the
			leader (Yukl, 2010).

Besides fundamental leadership theories, many leadership styles were developed, such as ethical leadership, servant leadership, authentic leadership, transactional leadership and transformational leadership. After reviewing previous studies, I found that transformational leadership is one of the most appropriate styles for employee creativity. This current paper concentrates on transformational leadership because of its qualities connected to directing, inspiring, and motivating followers, leading to the creativity and performance of employees. The leaders can assist their staff in developing better views and methods for carrying out a task to produce better outcomes and advance society. TFL contributes to a more holistic description of leaders, subordinates, and situations, together with the earlier theories on leadership. It is indispensable in the accomplishments of any organisation and constructs the pathway for further studies.

# Transformational leadership

TFL is conceptualised in respect of or as different combinations of leader traits, leader behaviours, patterns of leader-follower interaction, perceptions of followers, leader's influence, followers' compliance, persuasion, and power or role relationships (Bass, 1985; Bass & Riggio, 2006; Brass, 2001; Burns, 1978; Yukl, 1989). TFL aims to grow followers to their fullest potential, while transactional leadership focuses on meeting followers' needs and getting extraordinary results from followers as it appeals to their higher-level needs (Bass & Avolio, 1990; Bass et al., 2003).

The concept of leaders in the TFL style act as good role models, inspiring and challenging their employees to meet goals, ignoring their self-interest (MacKenzie et al., 2001). In other words, such leaders emphasise a common

vision, question the status quo, and orient toward change to increase followers' motivation and commitment (Birasnav, 2014).

Burns (1978) is among the first scholars to introduce TFL explaining how leaders facilitate fundamental changes in their followers' attitudes and behaviours. The leaders not only use encouragement to enhance an organisation's performance by making people motivated but also show interest in individual differences and needs, then stimulate them mentally so that they can feel more involved, satisfied, and committed to the organisations (Bass & Avolio, 1996; Jung, 2001; Shin & Zhou, 2003; Sosik et al., 1998). They stimulate their employees to aim and achieve beyond predetermined expectations through transforming attitudes, beliefs, values, and needs of followers (Alarifi, 2014; Korejan & Shahbazi, 2016).

TFL positively correlates with job satisfaction, organisational commitment, job performance, and survivability (Smith, 2015). Applying the TFL style, companies may increase their performance in unpredictable and dynamic conditions. TFL style can provide firms with a competitive advantage in achieving superior and satisfying performance because components of TFL complement other leadership actions (Eskandari, 2014). To see how TFL impacts EC, an understanding of the various dimensions of TFL is essential.

#### Idealised Influence (II)

Idealised Influence (II) refers to how a leader acts, such as providing direction and a feeling of purpose, inspiring pride and gaining followers' respect and trust, so they can accept and share the vision of the organisation (Bass, 1985; Bass et al., 2003). A transformational leader can inspire followers to think about the moral and ethical implications of their choices (Atkinson & Pilgreen, 2011; Piccolo & Colquitt, 2006). The leaders are regarded as positive role models by their followers, who have faith in their acts and judgments (Torlak & Kuzey, 2019). So, they can help employees feel more comfortable, gain confidence and perform beyond their expectations (Atkinson & Pilgreen, 2011).

# Inspirational Motivation (IM).

Inspirational Motivation (IM) refers to the motivational ability of leaders, including the leader's optimistic talk about the future, the seriousness in their talk about tasks, their emphasis on the significance of foresight, and the hope they can instil in other members about achievable goals (Korejan & Shahbazi, 2016).

The leaders can work closely with subordinates to communicate high expectations for mutual efforts toward the organisation's goals and missions (Bass, 1990). The leaders also articulate a vision and use symbols and words to influence the thoughts and feelings of the employees (Atkinson & Pilgreen, 2011), which helps their followers achieve common goals (Avolio & Bass, 2002; Piccolo & Colquitt, 2006).

#### **Intellectual Stimulation (IS)**

Leaders can observe to embrace and encourage different perspectives while examining a problem, solving it, and suggesting innovative solutions to address it (Korejan & Shahbazi, 2016). They act as a mental stimulators to challenge their followers' thinking to be more imaginative and find solutions to solve problems (Kurland et al., 2010).

They understand the difficulties among followers and inspire them to look at issues from a different viewpoint by challenging assumptions, reformulating issues, and ignoring previous problems in novel ways, encouraging their employees to be more creative and innovative in their efforts (Bass, 1985; Dvir et al., 2002).

#### **Individualised Consideration (IC)**

Individualised Consideration (IC) presents the capacity of leaders to attend to each follower individually and guide their progress accordingly. The leaders recognise the desires, skills, and goals of their followers, and then they provide the followers with ways to achieve their goals. In other words, the leader gives advice, shares challenges, informs, supports, pays attention to individual's needs, and inspires them to grow and meet their needs and satisfaction (Avolio & Bass, 1995; Bass & Avolio, 1996; Pearce & Sims, 2002). The input of the leader to their subordinates and the effort the leader spent to incorporate workers into the team or the group unite the group

members, leading them towards shared interests or purposes. IC leaders can increase team members' collaboration and organisational learning (Veiseh & Eghbali, 2014). A leader with IC is often seen to reserve time for guidance or training and treat their staff as individuals, not just as organisation members. That is, they pay due attention to individual needs, abilities, and creativity so that they can support them to develop to their fullest (Korejan & Shahbazi, 2016).

TFL can be seen as an appropriate style for overcoming challenges in any organisation, especially in the banking industry. By applying this leadership style, the leader can lead their staff to be more competent and creative and get more benefits than those working in different leadership styles (Durmaz et al., 2022).

# Relationship between Transformational Leadership and Employee Creativity

Transformational leadership is a style proven related to the creativity (Sosik et al., 1998). In the TFL style, leaders' behaviours are usually described as a motive for creativity (Mittal & Dhar, 2015; Shin & Zhou, 2003; Si & Wei, 2012). Transformative leaders have extraordinary powers and influence EC based on their four dimensions: II, IC, IM, and IS (Siegel & Kaemmerer, 1978). The leaders foster engagement, improve employee performance, and help their employees closer to their desired vision. They also put followers' demands beyond their interest, share risks and show moral conduct. As a result, the leaders acquire the workers' respect and appreciation by giving them a shared vision and objective (Podsakoff et al., 1990). They help develop innovation in organisations (Bass & Avolio, 1995) by concentrating on employees' efforts and encouraging the members to achieve beyond their expectations (Avolio et al., 1991). The leaders straightforwardly communicate crucial expectations, offering an inspiring view of the future, challenging high-standard workers, communicating optimistically with passion, and providing positive motivation for employees. They encourage their employees to make questions relevant to their work and support creativity and a supportive organisational climate, shaping circumstances that facilitate individual creativity (Avolio et al., 1991). As a result, these individuals are motivated to meet high levels of success (Susilo, 2018). They inspire employees to exchange ideas and contribute to making shared decisions. They are also encouraged to think critically and generate individual solutions. The organisation also aims to create a climate in which employees are stimulated to develop novel ideas to solve their problems confidently without blaming themselves or the failures of their new ideas (Herrmann & Felfe, 2014). They also offer a desirable vision and individualised support and express high-performance employee expectations (Mittal & Dhar, 2015). They also expand employees' ambitions, goals, and values and help their employees have more confidence to perform beyond their expectations (Bass, 1985). By doing these, transformational leaders encourage creativity and innovation in the organisations (Javed et al., 2014). They also give individuals a feeling of direction and innovative thinking that boost OL in a tumultuous environment (Singh, 2008), one of the most critical leadership dimensions influencing service efficiency and creativity (Lee et al., 2011). The leaders encourage employees to think innovatively, improving employees' exploratory thinking, supporting innovation, autonomy, and challenging (Hater & Bass, 1988). They make assumptions, reframe, and solve old problems in new ways to stimulate intellectually (Bass & Avolio, 1990). They encourage employees to increase their efforts in following duties, promote the imagination of employees (Bass & Avolio, 1994; Shin & Zhou, 2003) and encourage or prevent the actions of workers in problem-solving. They also foster employee creativity through their creative self-efficacy, which is one of the most effective ways of achieving and maintaining competitive advantage (Mittal & Dhar, 2015). The behaviours of a transformative leader work as a catalyst for organisational creativity. Transformational leadership positively affects employee creativity through moderated variable employees' openness to experience (Ghimire et al., 2021). The leaders provide individual consideration (IC) for employees by paying more attention to the tasks of each staff as a reward for followers through recognition and motivation. IC is one of the most important predictors of product and process innovation predictors of outcome and process innovation (Al Ahmad

et al., 2019) and intrinsically motivated followers to promote their creativity (Tierney et al., 1999). This allows employees to gain their expectations. They, thus, achieve creativity at a higher level (Hater & Bass, 1988).

Numerous studies worldwide prove that TFL positively affects EC (Shin & Zhou, 2003). It explains how TFL encourages EC by stressing the role of promotion and participation in creative processes. TFL encourages employees to take a different perspective on their work and challenge new approaches, thus pushing employee creativity (Avolio et al.,1999; Bass et al., 2003; Podsakoff et al., 1990). TFL fosters innovation, which assists supervisors in creating a work atmosphere and promotes EC (Henker et al., 2015). Transformational leaders focus on EC, staff well-being (X. Lin et al., 2022), and bringing a circular economy (Popescu, 2022). Transformative leadership benefits staff creativity via psychological empowerment, creative process involvement, and intrinsic motivation. Psychological empowerment, including creative process involvement and intrinsic motivation (Nguyen et al., 2022). Increasing inherent motivation can boost transformational leadership's positive impact on EC. EC acts as a mediator between the TFL style and the organisational innovation (Ngo et al., 2022). The association between TFL and EC is mediated by creative self-efficacy. A proactive personality moderated CSE and employee inventiveness (Maria et al., 2022). From the above literature, the hypothesis is proposed: There is a positive relationship between TFL and EC.

# Methodology

The paper was based on ontology and epistemology that guided researchers in selecting a suitable methodology in social science with the goal of testing hypotheses. The quantitative approach was used, concentrating on numbers and figures in the data collection and analysis (Bryman, 2016), which is considered one of the best ways to generate knowledge by investigating the relationship (Al-Ababneh, 2020). It offers an appropriate framework and specifies the required information collected, focusing on testing rather than generating theory. It helped the researcher draw inferences from data regarding existing relationships because it is very objective and reliable in using numerical data to approve or reject the research hypothesis on a particular issue of concern (Creswell & Creswell, 2017). In terms of measurement, (MLQ, 5X-Short) by Bass & Avolio (1996) was adapted to measure TFL. The scale of Zhou and George (2001) (10 items) and Scott and Bruce (1994) (3 items) was used to measure EC (Alarifi, 2014, p. 99). The researcher collected data from full-time staff in commercial banks in Vietnam via Survey Monkey software and received 452 responses. Before analysing, the data screened and deleted 61 error samples.

SPSS software was used to analyse data, including t-tests, chi-square, correlation, regression, and analysis of variance. To test the validity and reliability of the data, the researcher applied reliability analysis tools such as factor analysis and comparison. The validity of each construct was examined using discriminant validity and confirmatory factor analysis (CFA). Data reliability was investigated using factor loading and composite reliability. The results showed that the model was suitable because R-value = 0.287 > 0 (Hair et al., 2014). The proposed linear regression model was suitable because F = 8.680 and Sig = 0.000 < 0.05 (Frost, 2017, p. 1). The results of correlation analysis show that there were correlation relationships among the variables with p <0.01, which supported the hypotheses. All factor loading values were >0.5. Thus, the convergent validity of this current study was supported. Reliability and validity were tested, showing that the AVE of most constructs in this study was>0.5. Therefore, constructs in the research model achieved discriminative validity. In addition, the results of linear structure analysis with the ML estimation method showed that the model has 459 degrees of freedom. "The Chi-square value adjusted for degrees of freedom CMIN/df has a value of 1,783 <2.00). Others criteria met the requirements of CFI = 0.942; TLI = .937; and RMSEA = .045 (satisfactory < .080). Thus, It can be concluded that this model fits the data collected" (Kline, 1998, p. 346). The results of the model analysis showed that the impact of TFL on EC was 0.341 > 0 (Standardized Regression Weights), and this impact was statistically significant at 1% (p < 0.001).



Note: \*\*\* p < 0.001

Model of transformational leadership and Employee creativity.

Effect size:

The results f2 showed that the exogenous variable transformational leadership has a impact on employee creativity (f2 = 0.10 > 0.02). Q2 = 0.044 > 0.02. It means "the predicted value for Q2 was strong" (Hair et al., 2017, p. 10). Thus, TFL affects EC. More specifically, the model testing results based on regression analysis examining the influence of TFL's characteristics on EC show that TFL partially influences EC at the construct of Individual Consideration (IC with p = 0.038 < 0.05) stronger impact on employee creativity than other constructs.

The result of the data analysis confirms that the hypothesis was accepted.

# **Findings and Discussions**

Based on the figures presented, it was noted that TFL has a positive impact on EC, and individual consideration (IC) strongly influences EC more than the other components, namely II, IM, and IS. In other words, when the leaders in the banking sector apply a TFL style to oversee struggles, encourage information sharing, and remarkably boost creativity in a group setting, they can improve EC in the banks. These findings partially confirm many previous reports, highlighting a positive and significant relation between TFL and EC (Almheiri & Omar, 2022; Maria et al., 2022; Ngo et al., 2022; Nguyen et al., 2022). TFL can foster EC and improve a creative work environment (Alheet et al., 2021; Karunasekara et al., 2021; Puni et al., 2022; Wadei et al., 2021; Zia et al., 2022). These authors asserted that focusing on the four dimensions of TFL would increase individual creativity, and the survival and growth of the organisation would be enhanced. More specifically, employees will be more creative when the leaders articulate an inspiring vision, share knowledge, "encourage employees to take interpersonal risks to perform beyond expectations" (Lai et al., 2020, p. 10), and cultivate seeking out creative approaches in problem-solving environments at work.

Furthermore, these results emphasise the role of IC on EC over those of the other dimensions, which provides a deeper insight into the possible impact that TFL can have on EC. In addition, this view also supports Pradeep and Prabhu's previous research (2011), revealing that individual consideration of the leaders helps employees achieve their goals, grow and realise their creative potential. Transformative leaders usually discuss and empathise with the needs of individual employees, form personal ties with them, display genuine compassion, and support continual professional development and personal improvement. These acts significantly and favourably impact the employee's performance and creativity.

# Implications of the study

This research confirms that transformational leadership is suitable for improving employee creativity in the banking sector in Vietnam. Banking leaders should pay attention to each staff's needs and act as mentors, coaches, or guides by fostering two-way conversation and feedback in the workplace. In reality, the employees sometimes cannot recognise the purpose of work or non-participation, which leads to a loss of motivation, and need individual consideration from the managers. The executives pay attention to each employee's worries and needs, providing support while empathising with their circumstances. To re-motivate staff, the leaders must first comprehend what they are going through. As a result, the staff will be more motivated when the leaders display empathy, honesty, and dependability.

Moreover, finance managers need to be experts in individual consideration to motivate their staff, concentrate on assisting them and earn their trust. They lead employees to believe they can best support the bank's strategy by clarifying the team's priorities and building confidence in their teams. They are dependable and respond quickly

to employees' urgent needs. This conclusion was supported by prior studies that discovered TFL significantly influenced EC.

# Limitations of the study

The data in this study were only collected from five Vietnamese commercial banks; therefore, the findings of this study may not apply to all contexts. The application may lack cultural variances and generalizability. Limitations can be lessened by having a better understanding of the cultural issues related to the Vietnamese banking system. In Vietnam, the support of the senior management team and a focus on organisational culture improve the level of service and employee innovation.

On the other hand, data were only gathered once by the cross-sectional survey. After submission, they were not updated or changed, which may lead to insufficient observational validity. Further studies should collect data from managers, employees, and customers at a wide range of banks, which will help boost the findings' generalizability. Furthermore, cultural elements associated with the Vietnamese banking system and any comparable country could be investigated in future research because of the exploitation of culture due to the crisis, unemployment, and growing social class divisions in capitalist countries.

#### Conclusion

This study reviews and points out the contribution of previous theories related to leadership and creativity. The researcher finds limitations in the Vietnamese culture and leadership style context and then investigates the relationship between TFL and EC based on data collected from Vietnamese commercial banks. The results show how transformational leadership behaviours positively relate to employee creativity with a more in-depth analysis of each dimension of TFL. This suggests that when bank CEOs adopt a transformational style, paying attention to everyone's creative ability and encouraging an open environment for learning, banking workers are more likely to be more productive and creative in a world facing exponential technological and competitive growth.

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