

The Role of Leaders in Building Creativity Through Creative Self-Efficacy and Innovation Climate

Meinunik Alfiah^{1*}, Achmad Sudjadi², Daryono³

^{1*}Universitas Jenderal Soedirman, maynunik@gmail.com, Indonesia

² Universitas Jenderal Soedirman, achmad.sudjadi@unsoed.ac.id, Indonesia

³ Universitas Jenderal Soedirman, daryono1210@unsoed.ac.id, Indonesia

*Meinunik Alfiah

ABSTRACT

The purpose of this study is to analyze the impact of transformational leadership on employee creativity through mediating factors such as the innovation climate and creative self-efficacy in the context of public organizations. The research method used is a quantitative method. The research location is PT. Ethos Kreatif Indonesia. The sampling method used the Slovin formula with a 95% confidence level and a 5% error rate. The sample size used was 152 respondents. The data analysis method used regression testing. The study findings show that transformational leadership enhances employee creativity. Creative self-efficacy and innovation climate as mediation were also found to partially mediate between transformational leadership and employee creativity.

Keywords: Transformational Leadership, Creative Self-efficacy, Innovation Climate, Creativity

1. Introduction

Human resources are mover a very important in managing, regulating, and running a company, so that they can function productively to achieve company goals. Javed et al. (2018) human resources enable companies to expand and adapt to a uniform environment and make it easier for employees to implement creative and innovative strategies. Chaubey et al. (2019) factors that influence employee creativity are transformational leadership, creative self-efficacy, environment and organizational innovation, while according to Jaiswal and Rajib et al. (2015) those affecting employee creativity are leadership and innovation climate.

Innovation has become a dominating topic of discussion in all organizations regardless of what industry or sector they are in (Damanpour et al., 2009). It can be said that innovation is an advantage competitive advantage that can help companies to survive and grow (Atalay et al., 2013). The definition of creativity and innovation in the workplace is the process, result, and product of efforts to develop and introduce new ways of doing a job (Anderson et al., 2014). The creativity stage of this process refers to the generation of ideas and innovation to the next stage of applying ideas to better procedures, practices, or products.

Renko et al. (2015) found that employees with high levels of creative self-efficacy engage in innovative behavior. A leadership approach characterized by leaders influencing and directing the

performance of team members to recognize and take advantage of entrepreneurial opportunities motivates employees to come up with creative ideas and implement them at work. Transformational leadership and participatory leadership were also found to have a direct relationship to innovative behavior (Afsar et al., 2014).

The relationship between transformational leadership and employee creativity with the mediating effect of the innovation climate has been analyzed previously with a focus on organizational innovation (Wang et al, 2014; Jaiswal & Dhar, 2015; Chaubey et al., 2019). The research gap of this study is the expansion of the research variables that affect the innovation climate. The aim of this study is to analyze how transformational leadership can lead to greater employee creativity through creative self-efficacy and an innovation climate.

2. Literature Review

2.1 Creativity

According to McShane and Glinow (2018) creativity is defined as the ability to develop original ideas that make a socially recognized contribution. Martens (2011) creativity means creating a work that is unusual, unique, varied, and brings something into a field that did not exist before. Carmeli et al (2013) suggest that employee creativity can increase if the leader can facilitate creative problem solving capacity. Gong et al (2009) define creativity as introducing new and useful ideas that increase the overall effectiveness of organizational processes. Kremer et al. (2019) suggest that creative employees prove to be a plus for organizations where leadership has an important role.

2.2 Transformational Leadership

Bass and Riggio (2006) suggest that transformational leadership are used to encourage followers creativity and innovation by providing a climate that supports followers innovative efforts. Odetunde and Ufodiama (2017) transformational leaders have an important role in facilitating employee creativity. A transformational leader has a clear vision of what the organization will look like in the future when all its goals and objectives have been achieved (Covey, 1989; Peters, 1992). Yammarino & Bass (1990) compared transactional or laissez-faire leadership, transformational leadership was more strongly associated with subordinate extra effort, satisfaction with employee focus and employee effectiveness.

2.3 Creative Self-efficacy

Self-efficacy has been defined by Bandura (1977) as an individual's belief in achieving a goal. Put forward by Tierney & Farmer (2002) creative self-efficacy is a belief in an individual ability to produce creative results. (Maertz et al., 2005) Self-efficacy helps explain why successful task accomplishment leads to increased ability. Followers learn how to think creatively and find solutions to generate new ideas by observing their leaders and their intellectual stimulation (Mittal and Dhar, 2015). Transformational leaders can increase employee motivation for creativity and this process leads to the development of creative self-efficacy among employees (Koh, Lee & Joshi, 2019) and helps minimize barriers during work, motivate employees to develop higher creative performance (Farmer, 2003).

2.4 Innovation Climate

A good organization is an organization that has an environment that adapts easily in response to global business changes (Zuraik & Kelly, 2019) and is able to encourage ideas owned by employees (Robbins and Judge, 2018). Van Der Vegt, et al. (2005) define the innovation climate as a shared understanding of employees about practices, procedures and behaviors that offer the formation, introduction, and realization of new ideas in the company. (Cho & Pucik, 2005) defines an innovation climate as the extent to which companies encourage and build a climate that supports innovation. Wang et al. (2013) found that the innovation climate predicts employee creativity more substantially when the strength of the innovation climate is high. An innovation climate that supports an organization can positively influence employee creativity and innovation (Jung et al., 2003).

2.5 Transformational Leadership with Creativity

Understanding the relationship between transformational leadership and creativity helps leaders to develop and cultivate the creative capacity of employees. Research conducted by Hülya Gündüz Çekmecelioğlu and Gönül Kaya Özbağ (2016) the results show a positive relationship between inspirational motivation, idealized influence and individual creativity. In accordance with the research of Shin Shung Jae & Jing Zhou (2017) which suggests that transformational leadership is positively related to follower creativity. Chun-Hsi Vivian Chen et al. (2009) transformational leadership has a significant effect on creativity. Transformational leadership has an important effect on creativity both at the individual level and organizations (Lale and Arzu, 2009). We thus hypothesize that:

H1: Transformational leadership has a positive effect on creativity

2.6 Transformational Leadership with Creative Self-efficacy

Hassan, et al. (2015) stated that transformational leadership and creative self-efficacy have a significant and strong positive correlation. In contrast to the findings of the research conducted by Tran K.T., et al. (2021) which stated that transformational leadership does not affect employee creativity directly but does affect it indirectly by promoting creative self-efficacy. Bilal Afsar & Mariam Masood (2017) creative self-efficacy mediates between transformational leadership and innovative work behavior. Research conducted by Santoso et al. (2019) proves that there is a positive and significant relationship between creative self-efficacy and transformational leadership. We thus hypothesize that:

H2: Transformational leadership has a positive effect on creative self-efficacy

2.7 Transformational Leadership with an Innovation Climate

Zuraik Abdelrahman & Louise Kelly (2018) suggest that transformational leadership has an indirect effect through the innovation climate. Mesut Sağnak et al. (2015) found that there is a significant relationship between transformational leadership and an innovative climate. Transformational leaders empower their people and create an environment that supports innovation. In line with the findings of Moolenaar N.M., Alan J.D., & Peter (2010) which showed that transformational leadership was positively related to the innovative climate of schools. The more leaders that are sought for professional and personal advice, the closer their relationship will be and the availability of change and the creation of new knowledge and practices. We thus hypothesize that:

H3 : Transformational leadership has a positive effect on the innovation climate

2.8 Transformational Leadership with Creativity and Creative Self-efficacy as Mediation

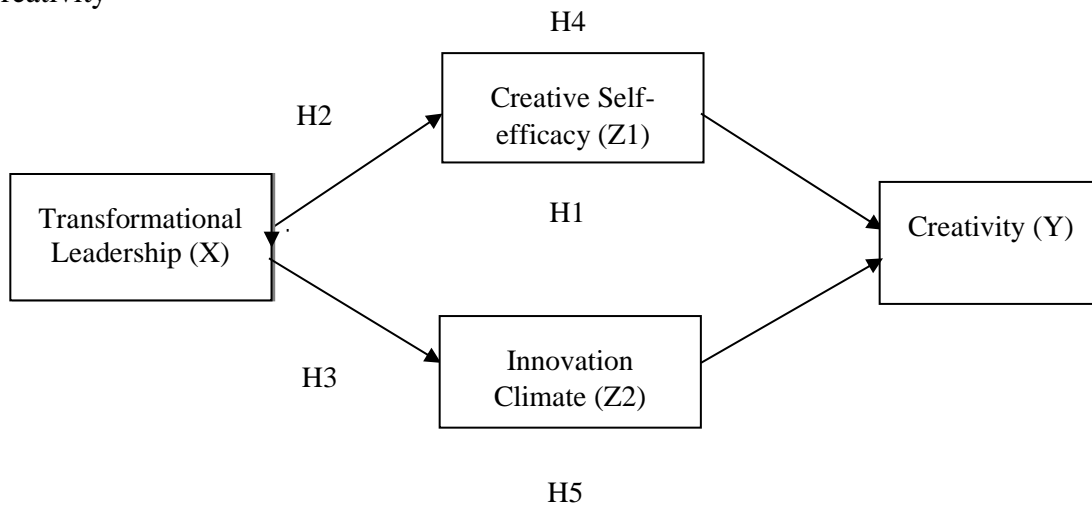
Gong Yaping et al. (2009) found that employee creativity was positively related to employee job performance as assessed by supervisors. Transformational leadership is positively related to employee creativity, and this relationship is mediated by employee creative self-efficacy. This is in accordance with research conducted by Swati Mittal & Rajib L. Dhar (2015) that creative self-efficacy mediates the relationship between transformational leadership and employee creativity. Wang Chung-Jen et al. (2013) showed that supervisory transformational leadership had a positive effect on employee self-efficacy and creative creativity. We thus hypothesize that:

H4: Creative self-efficacy has an effect as a mediation between transformational leadership on creativity

2.9 Transformational Leadership with Creativity and Innovation Climate as Mediating

Adiebah & Handrio (2022) suggest that the innovation climate is proven to partially mediate the relationship between transformational leadership and employee creativity. Zhang Yan chun et al. (2018) show that transformational leaders can maintain a shared innovation climate to motivate employees innovative behavior. With higher innovation, transformational leadership is more likely to have a positive influence on individual innovative behavior through the perceived innovation climate. Jaiswal N.K. and Rajib L.D. (2015) that transformational leaders can foster an innovation climate that encourages employee creativity. We thus hypothesize that:

H5: The climate of innovation has an effect as a mediation between transformational leadership and creativity



3. Research Methodology

3.1 Population and Sample

The population in this study were all employees at PT Ethos Kreatif Indonesia, totaling 243 respondent. The sample in this study was 152 respondents, using the Slovin formula with a 95% confidence level and 5% error rate.

3.2 Measurement

Creativity is measured using 4 indicators from McShane and Glinow (2018). Transformational leadership is measured using the Multifactor Leadership Questionnaire (MLQ) 4 indicators from Avolio and Bass (2004). Creative self-efficacy is measured using 3 indicators from Tierney and Farmer (2002). The innovation climate is measured using 3 indicators from McShane and Glinow (2018). All variables were measured using a 5-point Likert scale.

3.3 Research Procedure

Data were collected by distributing questionnaires to respondents online using Google Forms. The number of samples used in this study were 152 respondents. The data was collected by cross-section, after the questionnaires were distributed and the data had been collected, then they were processed further using SPSS software.

4. Results

4.1 Regression Analysis

To test whether the proposed hypothesis is accepted or rejected, the t statistic (one-sided test) is used. The test criteria if $t_{table} (1.66) < t_{count}$ and $significance < 0.05$ then the hypothesis is accepted.

Table 1. Simple Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	11.007	,879		12,527	,000
Transformational Leadership (X)	,121	,023	,396	5,275	,000

a. Dependent Variable: Creativity (Y)

Based on the results of the regression calculation, the t count value is $5.275 > 1.66$ and has a significance level of $0.000 < 0.05$. Because the t count of the transformational leadership variable (X) is greater than t table and the significance is less than 0.05, the first hypothesis which states transformational leadership has a positive effect on creativity is accepted.

Table 2. Simple Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	11,357	1,498		7,583	,000
Transformational Leadership (X)	,259	,039	,477	6,639	,000

a. Dependent Variable: Creative self-efficacy (Z1)

Based on the results of the regression calculation, the t count value is $6.639 > 1.66$ and has a significance level of $0.000 < 0.05$. Because the t count of the transformational leadership variable (X) is greater than t table and the significance is less than 0.05, the second hypothesis which states transformational leadership relative positive on creative self-efficacy is accepted.

Table 3. Simple Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	14,753	1.393		10,594	,000
Transformational Leadership (X)	,188	0.036	,390	5,192	,000

a. Dependent Variable: Innovation Climate (Z2)

Based on the results of the regression calculation, the t count value is $5.192 > 1.66$ and has a significance level of $0.000 < 0.05$. Because the t count of the transformational leadership variable (X) is greater than t table and the significance is less than 0.05, the third hypothesis which states transformational leadership has a positive effect on the accepted innovation climate.

4.2 Mediation Analysis using Causal Step

The results of the regression analysis in the first equation of transformational leadership on creativity produce an unstandardized coefficients value of 0.121, with a significance of 0.000, meaning that there transformational leadership influences employee creativity. Unstandardized coefficients in the second equation of transformational leadership on creative self-efficacy are 0.259, with a significance of 0.000 meaning that there is a positive influence between transformational leadership on creative self-efficacy. Unstandardized coefficients in the fourth equation are transformational leadership on creativity by including creative self-efficacy. Unstandardized coefficients of creative self-efficacy on creativity are 0.223 with a significance of 0.000 so that there is a positive influence of self-efficacy on creativity. Unstandardized coefficients of transformational leadership on creativity are 0.063 with a significance of 0.010, so that there is an influence of transformational leadership on creativity after entering the creative self-efficacy variable into the equation.

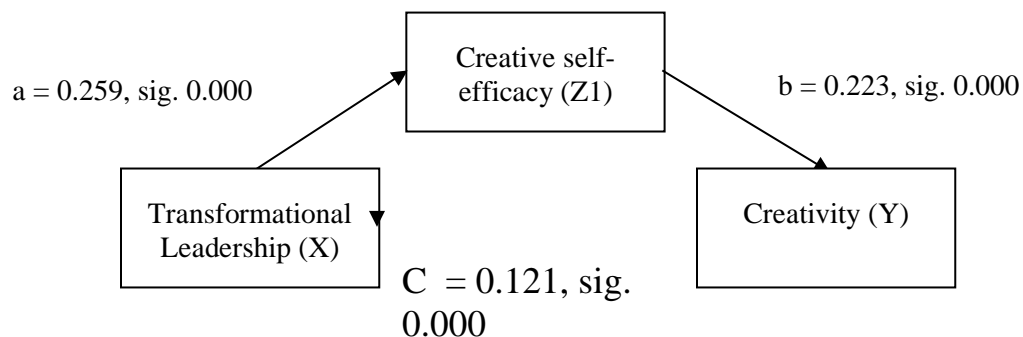


Figure 2. Mediation Analysis Model 1

The results analysis show that the independent variable of transformational leadership has an effect on the mediating variable (creative self-efficacy). The mediating variable has an effect on creativity, but the effect of transformational leadership is reduced after including the mediating variable (creative self-efficacy). So it can be concluded that creative self-efficacy partially mediates the relationship between transformational leadership and creativity, it can be concluded that hypothesis 4 is partially accepted.

The calculation of the regression analysis in the first equation of transformational leadership on creativity produces an unstandardized coefficients value of 0.121, with a significance of 0.000,

meaning that there is a positive influence transformational leadership on employee creativity. Unstandardized coefficients in the second equation of transformational leadership on the innovation climate are 0.188, with a significance of 0.000 meaning that there is a positive influence between transformational leadership on creative self-efficacy. Unstandardized coefficients in the third equation are transformational leadership on creativity by including an innovation climate. Unstandardized coefficients of innovation climate on creativity are 0.226 with a significance of 0.000 so that there is a positive influence of innovation climate on creativity. Unstandardized coefficients of transformational leadership on creativity are 0.078 with a significance of 0.001, so that there is an effect of transformational leadership on creativity after entering the innovation climate variable into the equation.

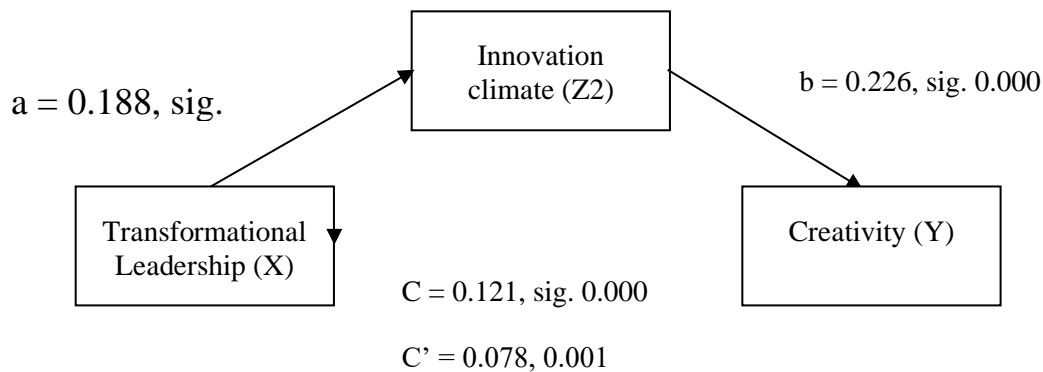


Figure 2. Mediation Analysis Model 2

The results show that, it is known that the independent variable of transformational leadership has an effect on the mediating variable (innovation climate). The mediating variable has an effect on creativity, but the effect of transformational leadership is reduced after including the mediating variable (innovation climate). So it can be concluded that the innovation climate partially mediates the relationship between transformational leadership and creativity, it can be concluded that hypothesis 5 is partially accepted.

5. Discussion

This study makes four contributions to the literature of companies engaged in digital marketing. First, we tested a model that integrates transformational leadership theory and creativity which obtained a value $t\text{-count } 5.275 > 1.66$ with a significance of 0.000. Previous research has reviewed the relationship between transformational leadership and creativity (Çekmecelioğlu et al., 2016; Chaubey et al., 2019; Gong et al., 2009; Shin & Zhou, 2017). This research is to ensure that the results of the analysis obtained are in accordance with previous research with different research subjects and objects. Because digital marketing organizations need employees who are able to provide the latest ideas, they need leaders who can inspire and encourage new approaches to doing work. The results of this study indicate that transformational leadership positive relate to employee creativity.

Second, our results study show that transformational leaders who are able to inspire employees to be enthusiastic and optimistic at work can improve their abilities related to creative ideas. The results of the regression analysis test gave a $t\text{-count value of } 6.639 > 1.66$ with a significance of

0.000. Our findings also suggest that employees can be made to feel that they are capable of successfully performing creative work, hence their self-efficacy with regard to creativity can be increased (Jaiswal et al., 2015; Tierney & Farmer, 2002; Wang et al., 2014).

Third, the results of the analysis of transformational leadership on the climate of innovation obtain a value of t-count of $5.192 > 1.66$ with a significance of 0.000. This matter extends the findings of Jaiswal & Dhar, (2015) by examining the innovation climate as a mediation of the impact of transformational leadership on employee creativity. The results of our study are consistent with the findings of Mesut Sağnak et al., 2015; Tran et al., 2021; Zhang et al., 2018, which shows that leaders can give attention to creating an environment that supports employees to innovate and provides comfort for them in doing their jobs.

Fourth, our results show that incorporating creative self-efficacy and an innovation climate are both associated with increased employee creativity (Gong et al., 2009; Mittal & Dhar, 2015; Zuraik & Kelly, 2018). Our findings reveal that leaders who give special attention to employees, for what has been obtained from their work, will cause employees to feel confident and proud of the leader. This is closely related to increased creativity when leaders provide opportunities for employees to show what they can do in solving work problems. Our results contribute to the literature on creative self-efficacy and innovation climate as variables linking transformational leadership, creative self-efficacy theory (Tierney & Farmer, 2002), and creativity theory in the context of digital marketing companies.

6. Conclusion

In summary, this study seeks to examine the role of transformational leadership in predicting the creativity of PT. Ethos Kreatif Indonesia. We also examine the role of the innovation climate and creative self-efficacy. These results provide direction for the manager of PT. Ethos Kreatif Indonesia to reinvent policies and work environment so that employees feel support from their organization and direct support from their superiors. This is believed to increase the creativity of employees at work. The findings also provide guidance for managers to provide training to improve employees job skills and enable them to be creative. The theoretical contribution of this finding is to extend the findings of previous research and to expand knowledge related to transformational leadership theory with creativity through creative self-efficacy and innovation climate.

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