

Transformational Leadership and Organizational Creativity of Deposit Money Banks in Port Harcourt

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Abstract

The goal of this study is to look at the impact of transformational leadership on organizational creativity in deposit money banks in Port Harcourt. It investigates organizational transformative leadership and creativity. The creation of a theoretical model, which included the establishment of variables and hypotheses, was undertaken. A self-completion questionnaire was used to collect data as part of a survey instrument. Stratified random selection was used to choose 95 bank managers from five (5) banks for the final sample. Transformational leadership has a favourable but negligible link with organizational innovation, according to the findings. Furthermore, employees' motivation and organizational creativity were found to have a minor but beneficial association. Furthermore, the link between transformational leadership and organizational creativity was shown to be both positive and unimportant, thanks to the moderating effect of employee motivation. The findings, on the other hand, revealed that intrinsic motivation has little bearing on organizational creativity. As a result, the study indicated that, while transformational leadership is vital for organizational creativity, it should not take precedence over ICT and employee development in the banking industry.

Keywords: *Banking sector, Employees' motivation, Organizational creativity, Transformational leadership*

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I. Introduction

The environment in which businesses operate has gotten more dynamic and complex. In order to survive and grow in this environment, businesses must be more inventive and imaginative. It is vital for a company to innovate through the enhancement of creativity in order to acquire a competitive advantage and long-term success (Gumusluoglu & Ilsev, 2009). As a result, researchers are focusing more on the characteristics that encourage organizational creativity and innovation. One of these aspects that contributes to organizational creativity and innovation in the workplace is leadership (Scott & Bruce, 1994; Tierney *et al.*, 1999).

There are several types of leadership, but transformational leadership is the most well-known. The relationship between transformative leadership and organizational creativity and innovation has piqued the interest of researchers. Transformational leaders assist their followers in rising beyond their own self-interests by altering their own beliefs and self-concepts, allowing them to achieve their objectives (Jung, 2000). Transformational leadership focuses on the creative and inventive characteristics of employees and companies.

Employee creativity is recognized as a key aspect in achieving company objectives. Through leadership new thoughts, thinking, and expertise, it assists individuals in existing and foresees issues with solutions. Employees acquire self-confidence, intrinsic motivation, inspirations, and creative initiatives as a result of transformational leadership, which also encourages innovation, personal growth, and social ties. Employees that have these characteristics are more likely to be flexible and perseverant. These qualities encourage people to be drawn to and interested in a task in order to find new and better ways of doing things. Employee empowerment, intrinsic motivation, support for innovation, and social ties all play a part in transformative leadership and creativity to some level. Transformational leadership, according to the research, has a positive impact on organizational creativity and innovation, both directly and indirectly, with multiple mediators and moderators.

The variables used in the literature have come from a number of places so far. As a result, it's crucial to separate and summarize them in order to understand how transformational leadership influences organizational innovation. This paper will provide a thread of existing works to academics in this field, as well as identify "research gaps" and future directions.

While there is evidence of direct links between transformational leadership and organizational creativity, empirical research on the role of these factors as mediators between transformational leadership and organizational creativity in general, and in the Nigerian banking sector in particular, is limited (Gumusluoglu & Ilsev, 2009). The goal of this study is to look into the impact of transformational leadership on organizational creativity in the Nigerian banking sector in light of this research gap.

Objectives of the Study

The study's major goal is to look at the link between transformational leadership and organizational creativity in deposit money banks in Port Harcourt. The study's particular goals are as follows:

- i. to examine the relationship between transformational leadership and organizational creativity in the deposit money banks in Port Harcourt; and
- ii. to examine the mediatory role of employee intrinsic motivation between transformational leadership and organizational creativity in deposit money banks in Port Harcourt

Research Hypotheses

In light of previous literature, the following hypotheses is formed.

H_{01} :Transformational leadership has no positive impact on organizational creativity of deposit money banks in Port Harcourt.

H_{02} :Employees' motivation has no mediatory role in organizational creativity of deposit money banks in Port Harcourt.

II. Literature Review

Transformational Leadership

Transformational leadership is regarded as a key technique for responding to the competitive corporate environment (Bass, Avolio, Jung & Benson, 2003). These adaptive leadership behaviours are referred to as transformational leadership, and it is considered to have five components:

- i. Idealized influence: The charismatic behaviours of the leader that center on principles, convictions, and a feeling of mission.
- ii. Attributive charisma: Is made up of the leader's socialized charisma, which is defined as the public's view of the leader as confident and powerful.
- iii. Inspirational motivation: Included are tactics used by leaders to motivate their followers by focusing on the positive future and clear objectives.
- iv. Intellectual stimulation: "Provoking people to think creatively" refers to the act of challenging followers to think creatively and discover answers to difficult problems.
- v. Individualized consideration: Includes the leader's behavior that adds to the followers' satisfaction through directing, supporting, and attending to the followers' personal needs (Avolio, Bass & Jung, 1999).

Transformational leadership has been found to be effective at all levels of management (Howell & Avolio, 1993), in all types of work contexts (Bass, 1985), and across national cultures (Bass & Avolio, 1997). This style has been found to be effective in a variety of work environments, including (Yammarino & Bass, 1990), computer-related settings (Sosik, Avolio & Kahai, 1997), stress-reduction settings (Seltzer, Numeroff & Bass, 1989), TQM programs, and innovative and developmental environments (Seltzer, Numeroff & Bass, 1989). (Howell & Avolio, 1993).According to a prior study, change leaders can rearrange followers' attitudes and norms, motivating them to make personal and organizational modifications, and supporting them in exceeding expectations (Jung & Avolio, 2000).

Leadership style has been identified as a critical strategic component influencing innovation and creativity in the literature (Hsiao & Chang, 2011; Denti & Hemlin, 2012; Si & Wei, 2012). Because it takes a different approach to motivating followers than other leadership styles, transformational leadership has recently attracted a lot of attention in the field of leadership (Gardner & Avolio, 1998). In addition, transformational leadership has become a popular theoretical lens for analyzing the links between leadership behaviours and performance (Hiller *et al.*, 2011). As a result, a large amount of empirical evidence linking transformational leadership characteristics to individual, unit, and organizational success has accumulated (Derue *et al.*, 2011).

In addition, transformational leadership has become a popular theoretical lens for analyzing the links between leadership behaviours and performance (Hiller *et al.*, 2011). As a result, there is a substantial body of data linking transformational leadership attributes to individual, unit, and organizational success (Derue *et al.*, 2011).As a result, motivation is an important psychological factor that transformational leaders employ to improve individual and unit performance (Ilies *et al.*, 2006; Piccolo & Colquitt, 2006). Surprisingly, few studies have looked at employee motivation as a vehicle for linking transformative leadership practices to organizational outcomes (Bono & Judge, 2003; Piccolo & Colquitt, 2006).Today's leadership is a new field in the history of organizational behaviour. According to the literature, a leader's function is to influence the activities of an organized group in order to achieve an organizational goal (Denti & Hemlin, 2012; Arnold & Connelly, 2013).

Transformational leadership and organizational creativity

Personal and environmental factors may play a role in innovation and creativity. Personal and psychological study on innovation is critical, according to Chell and Karataş-zkan (2014), because creativity in

the workplace involves human behaviour. Contextual factors (such as the innovative climate) have long been acknowledged as motivators of creative behaviour and performance (Ren & Zhang, 2015). According to Redmond *et al.*, followers displayed higher levels of creativity when their leaders encouraged constructive problem resolution and increased their followers' self-efficacy (1993). Furthermore, by articulating the organization's overall vision and mission, transformational leaders increase their followers' enthusiasm to put the organization's interests ahead of their own; raise followers' awareness of the values and significance associated with required outcomes; and raise followers' expectations about their performance (Hsiao & Chang, 2011; Den, 2011). Because followers may be required to devote a significant amount of time and effort in order to enhance their intellectual capacity, knowledge, and creative thinking skills, the creation of an organizational environment may be a preferable strategy for stimulating individual innovation. Personality qualities, intrinsic drive, self-efficacy, organizational environment, and psychological factors have all been linked to people's ability to increase their degree of creativity in the workplace (Amabile, 1998; Krishnan, 2012; Arnold & Connelly, 2013; Brandt & Laiho, 2013). According to Chell and Karataş-zkan (2014), personal and psychological research on creativity is crucial since workplace innovation integrates human behaviour. Contextual factors (such as the innovative climate) have long been acknowledged as motivators of creative behaviour and performance (Ren & Zhang, 2015).

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Because followers may be required to devote a significant amount of time and effort in order to enhance their intellectual capacity, knowledge, and creative thinking skills, the creation of an organizational environment may be a preferable strategy for stimulating individual innovation. Previous research has highlighted personality traits, intrinsic drive, self-efficacy, organizational environment, and psychological factors as assisting individuals in increasing their level of creativity in the workplace (Amabile, 1998; Krishnan, 2012; Arnold & Connelly, 2013; Brandt & Laiho, 2013).

III. Methodology

A survey study design was used, with a questionnaire serving as the major data source. The questionnaire was distributed to 95 top bank managers purposively selected from five banks in Port Harcourt, Rivers State, who were chosen as follows:

Table 1: Sample Size Determination

Bank	Number of Managers	Sample size
First Bank	20	19
UBA	25	24
Access Bank	20	19
FCMB	15	14
Zenith	20	19
Total	100	95

Source: krejcie and Morgan (1970)

Transformational leadership

The Multifactor Leadership Questionnaire form 5X-Short was utilized in the investigation (Bass & Avolio, 1995). Idealized influence, inspirational motivation, intellectual stimulation, and individual consideration are among the four components of this quiz. Employees responded how frequently each item applied to their immediate managers on a five-point Likert scale ranging from 1, "not at all," to 5, "frequently, if not always." The convergent validity of transformative leaders was 0.588, while their reliability was 0.604.

Employee motivation is important. Teirney used an adaptation of Amabile's (1985) study on employee intrinsic motivation (1999). A five-point Likert scale was employed with five items in this measure. The Cronbach's alpha was 0.606, and the validity was 0.414.

Organizational Creativity

Organizational creativity was measured using a three-item scale. The scale was developed using Miller and Friesen's (1983) research and implemented by Garca-Morales *et al.*, (2012) on a five-point Likert scale ranging from 1 to 5, with 1 being "Strongly Disagree" and 5 being "Strongly Agree." The instrument's reliability is 0.702, and its validity is 0.431.

IV. Results

The results of the empirical analysis of the study data are presented in this section. First, we will go over the reliability and validity tests for the data collection instrument.

Reliability and validity of instrument

To complete the investigation of the measurement model, it is necessary to establish the reliability and validity of the latent variables, just as it is in every other management research. The indicators' and latent variables' reliability and validity are shown in the table below.

Table 2: Summary of Results for Informative Outer Weight

Latent Variable	Indicators	outer weight	Indicator Reliability	Composite Reliability	AVE
Transf. Leadership	Tran1	0.221	0.0488	0.604	0.588
	Trans2	0.316	0.0998		
	Trans3	0.337	0.6477		
	Trans4	0.316	0.0998		
	Trans5	0.28	0.078		
Motivation	Mot1	0.3	0.09	0.606	0.414
	Mot2	0.138	0.0199		
	Mot3	0.372	0.1383		
	Mot4	0.422	0.178		
	Mot5	0.548	0.3		
Org.Creativity	Org.Cr1	0.727	0.5285	0.702	0.431
	Org.Cr2	0.543	0.2948		
	Org.Cr3	0.0053	0.0028		

Source: Smart PLS-SEM Computer output

Individual indicator dependability is less than the minimum of 0.4 and more than the maximum of 0.7, as shown in the table (Hulland,1999). As a result, we conclude that the indicators are not individually reliable. Each latent variable has a composite reliability index of more than 0.6. As a result, all three reflective latent variables have shown high levels of internal consistency dependability.

The Average Variance Extracted (AVE) of each latent variable is examined to determine convergent validity. All of the AVE values are more than the minimum permissible threshold of 0.5, according to Table 2. As a result, the convergent validity of all latent variables is ensured.

Inner(Structural)Path Coefficients Statistics

Table 3: T-Statistics of Path Coefficients (Inner Model)

Path	Original Sample	Sample Mean	Standard Dev.	T-value	P-Value
Transf. Leadership -Motivation	0.43	0.487	0.157	2.698	0.007
Transf. Leadership -Org. Creativity	0.378	0.376	0.31	1.219	0.222
Motivation-Org.Creativity	0.017	0.037	0.303	0.057	0.954

Source: Smart 3PLS-SEM Computer Output

The path Transformational Leadership to Motivation (0.430) is positive and significant, according to the results in Table 3. The relationship between Transformational Leadership and Organizational Creativity (0.378) is positive but not statistically significant. Positive, but insignificant, motivation for organizational creativity.

Outer Loading, Total Effect, and Total Indirect Effect

Figure 1 shows the results for the outer loading, total effect, and total indirect impacts.

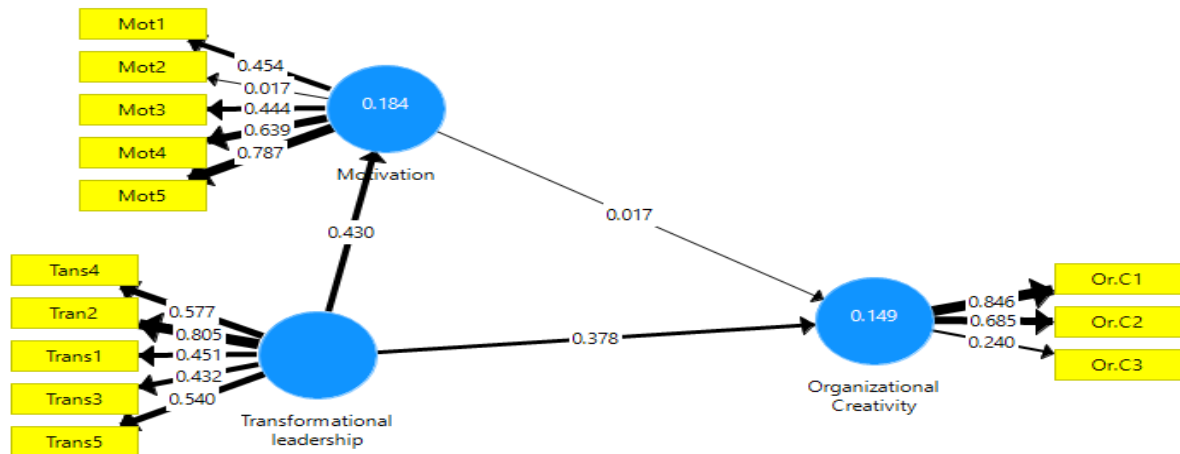


Figure 1: Outer Loading, Total Effect, and Total Indirect Effect

All indications of transformational leadership are important in the figure. All indicators except Mot2 are relevant in the case of motivation, the mediating component. Also, except for Or.C3, all indicators of the latent variable organizational creativity are significant.

Transformational leadership has a direct influence on motivation of 0.430. Transformational leadership has a greater impact on organizational creativity than on motivation. 0.378 has an impact on organizational innovation. Through motivation, the overall indirect effect of transformational leadership is 0.0073. (product of 0.430 and 0.017). It demonstrates that organizational innovation is influenced less by motivation than by transformative leadership. The total effect (which includes both direct and indirect effects) is 0.385. Partially controlled by the mediating variable motivation, this is known as partial control. It indicates that the model has both the direct and indirect paths.

Organizational creativity has a coefficient of determination of 0.149. This suggests that the other two latent variables in the Nigerian banking sector (transformational leadership and motivation) moderately explain 14.9 percent of the variance in organizational creativity. Motivation has a coefficient of determination of 0.184. It means that in the Nigerian banking sector, transformational leadership accounted for around 18.4 percent of the variation in motivation.

Test of Hypotheses

The t-statistics of the inner (structure coefficients) model were used to assess the study's hypotheses at 0.05 levels of significance. The outcome can be found in Table 3. The hypotheses are rephrased as follows for clarity:

H₀₁:Transformational leadership has no significant impact on organizational creativity of deposit money banks in Port Harcourt.

This hypothesis is rejected at 0.05 levels, according to the table 3. It implies that transformational leadership has a favourable impact on the banking sector's organizational innovation in Port Harcourt, but the impact is minor.

H₀₂:Employees' motivation has no mediatory role in organizational creativity of deposit money banks in Port Harcourt

The null hypothesis is accepted at 0.05 levels, according to the results in the table. Again, the findings reveal that, while motivation has a favourable impact on organizational creativity in the banking industry in Port Harcourt, the impact is minor when compared to the overall level of organizational creativity in the state's banking sector.

V. Discussion of Findings

The goal of this research is to show how transformational leadership increases organizational creativity in deposit money banks in Port Harcourt by looking at the role of motivation as a mediator in the relationship. Transformational leadership has a favourable effect on organizational innovation, according to the results of a survey of bank managers and subsequent structural equation modeling in SmartPLS, the impact is negligible.

The findings contrast those of Hsiao and Chang (2011), Denti and Hemlin (2012), and Garca-Morales *et al.*, (2012), who concluded that transformational leadership had a favourable and significant impact on organizational innovation. The disparity could be related to the banking industry's nature and speed of innovation. With the introduction of ICT, the banking sector's inventiveness has accelerated, outpacing the leadership style. The findings also suggest that while motivation has a beneficial impact on organizational innovation in the banking sector in Port Harcourt, it is not significant. The findings also contradict those of other research that have been evaluated in the literature (Brandt & Laiho, 2013).

VI. Conclusion and Recommendations

Transformational leadership and employee motivation together can only explain 14.9 percent of the variance in organizational innovation, according to the inner model study. It's a significant discovery because it implies that there are other aspects that bank executives and human resources executives can examine when looking for ways to boost organizational creativity in the banking industry. While strengthening transformational leadership style and staff motivation can be beneficial, these improvements have little impact on organizational innovation. As a result, management should devote all resources to improving these areas, as well as investing in ICT and training employees.

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