

# Leadership styles and organisational innovation in Vietnam: does employee creativity matter?

Leadership  
styles and  
innovation in  
Vietnam

Nhat Tan Nguyen

*Faculty of Business Administration,*

*Ho Chi Minh City University of Foreign Languages – Information Technology,  
Ho Chi Minh, Vietnam*

Lai Wan Hooi

*College of Management, Chang Jung Christian University, Tainan, Taiwan, and*

Mohan V. Avvari

*Nottingham University Business School, University of Nottingham Malaysia,  
Kuala Lumpur, Malaysia*

Received 8 November 2020

Revised 19 May 2021

Accepted 19 June 2021

## Abstract

**Purpose** – This paper aims to look into the role of transformational leadership and transactional leadership as predictors of employee creativity and organisational innovation. Employee creativity is examined as a potential mediator in the leadership styles–organisational innovation relationships.

**Design/methodology/approach** – A cross-sectional, quantitative design was adopted and structural equation modelling (SEM) techniques were used to analyse data collected from 369 employees working in 39 public coffee enterprises in Vietnam.

**Findings** – Transformational leadership and transactional leadership were significant predictors of employee creativity and organisational innovation. Specifically, transformational leadership was instrumental to employee creativity and organisational innovation while transactional leadership was detrimental to these two variables. Additionally, employee creativity partially mediated the relationships between the two leadership styles and organisational innovation.

**Practical implications** – Results of this study benefit the management of organisations and policy makers by providing an insight of which leadership style will effectively suit public enterprises to promote employee creativity and foster organisational innovation.

**Originality/value** – While there is a lack of studies investigating organisational innovation in organisational methods and that the interrelationships between leadership styles, employee creativity and organisational innovation are not fully understood, this study pioneers in examining relationships between leadership styles and organisational innovation that is being mediated by employee creativity. Figuring out that organisational innovation is more likely to be fostered by the positive influence of leadership behaviours and the improvement of employee creativity, in particular, the significant role of employee creativity represents important contributions of the current study.

**Keywords** Leadership, Transformational leadership, Transactional leadership, Employee creativity, Organisational innovation

**Paper type** Research paper

## 1. Introduction

Increasing interests have been recorded in the innovation literature about studying the significant role of innovation towards the long-term survival and development of organisations (Botelho, 2020; Ganter and Hecker, 2014; Sarros *et al.*, 2008). It is the intensively competitive and dynamic business environment that forces organisations including private and public ones to be more innovative and competitive to survive and grow (Ibbotson and Darsø, 2008; Janeiro *et al.*, 2013). Accordingly, innovation is perceived as a



broad and complicated concept which used to be studied at the organisational level and categorised into three common types namely technical, marketing and organisational innovation (Damanpour and Aravind, 2012; Wong, 2013). Compared to numerous studies on technical and marketing innovation (Forés and Camisón, 2016; Sadeh Sharifirad and Ataei, 2012; Wong, 2013), there is a lack of understanding in studying the importance of specific organisational innovation concerning novel organisational methods that concentrates on business practices, workplace organisation and external relations in business performance (Camisón and Vilar-López, 2014; Damanpour and Aravind, 2012). Additionally, Hervás-Oliver and Sempere-Ripoll (2015) and Wischnevsky *et al.* (2011) argued that the nature of adaptive attempts to environmental changes was non technological because initial changes in organisational methods was considered the root of innovation in an organisation followed by technological changes. Therefore, this underscores the significance of examining organisational innovation in association with other organisational contextual variables.

State-owned enterprises are argued to play as an important vehicle for innovation due to financial and non-financial supports such as government-owned budget resources, policy and fiscal capacities for strategic planning and risky innovative projects (Tonurist and Karo, 2016). However, state-owned enterprises showed less efficient and lower innovative activities compared to private-owned ones (Belloc, 2014), respectively in emerging and developing economies compared to developed ones (Agolla and Lill, 2013; Anh, 2014). Regarding the context of Vietnam, research pointed out weak capabilities of current science, technology and innovation as well as underdeveloped national innovation system in Vietnamese state-owned and private enterprises (Anh, 2014; Nguyen *et al.*, 2013; OECD, 2013). Despite its importance to the overall competitiveness and growth of firms, studies on organisational innovation with regard to organisational methods of Vietnamese enterprises are still restricted (Anh, 2014; Battisti and Stoneman, 2010; Damanpour and Aravind, 2012; Nguyen *et al.*, 2013). Moreover, compared to computerising or research and development sectors (Cheung and Wong, 2011; Hervás-Oliver and Sempere-Ripoll, 2015), there is little attention paid to research on organisational innovation in enterprises that operate in Vietnamese manufacturing and processing industry, particularly public enterprises in the coffee industry. Thus, this necessitates investigation of organisational innovation regarding organisational methods in public enterprises.

Previous studies revealed that innovation at the organisational level was influenced by leadership, specifically leadership styles (Chen and Hou, 2016; Nguyen and Hooi, 2020; Schweitzer, 2014). In the context of fast technological change and fierce competition, the role of leaders in organisations proves to be more significant in guiding employees and the whole setting towards achieving the established goals (Chen *et al.*, 2016; Lee, 2008). Moreover, the leaders, through their significant influence on organisational policies, are frequently expected to promote innovation in the organisation by their supports and strategies (Chen *et al.*, 2016; Müceldili *et al.*, 2013; Schweitzer, 2014). However, big differences between public enterprises and non-state enterprises in terms of organisational goals that vary between profit maximisation and social welfare concerns make the leadership role at public enterprises in fostering organisational innovation is more challenging than ever to compete with foreign enterprises in the globalised market (Hai, 2016; Tonurist and Karo, 2016; Zhang *et al.*, 2010). Accordingly, the hindrances of innovative efficiency and firm growth may occur as the pursuit of social focus such as welfare and employment protection overrides that of profit orientation and new product innovation in public enterprises (Stan *et al.*, 2014; Tonurist and Karo, 2016). Moreover, finding out which type of leadership best promotes the innovation process in the organisation is critically important (Oke *et al.*, 2009). Additionally, the comparative inefficiency of organisational innovation in public enterprises is partly due to the inconsistency between leadership role and innovation management, which motivates this

study to investigate the linkages between leadership styles and organisational innovation (Belloc, 2014; Florio, 2014).

The relationship between leadership styles and organisational innovation was also found to be mediated and moderated by different contextual variables such as organisational environment, leadership characteristics or employee behaviours that reached inconclusive results (Escrig *et al.*, 2016; Pieterse *et al.*, 2010; Zacher and Rosing, 2015). Employee creativity was investigated either as a predicting or outcome variable in tandem with leadership styles and innovation as well as other contextual behaviours (Allen *et al.*, 2015; Herrmann and Felfe, 2013; Zaitouni and Ouakouak, 2018). However, there was hardly any study examining employee creativity as a mediator in the leadership styles–organisational innovation relationships (Escrig *et al.*, 2016; Makri and Scandura, 2010; Prasad and Junni, 2016). Specifically, employee creativity in the context of this study refers to the process in which novel, useful and appropriate ideas are generated by employees to solve problems in the pursuit of work objectives. The sophisticated mechanism depicts how organisational innovation was influenced by leadership styles through employee creativity, which jointly affects the innovative outcomes in the organisations. A clear understanding of this mechanism will help the management to generate the most valuable organisational innovation that contributes to the overall organisational performance. Moreover, interrelationships between leadership styles, employee creativity and organisational innovation are not fully understood due to potential interchangeable usages of the creativity and innovation concepts by scholars (Battisti and Stoneman, 2010; Ismail *et al.*, 2019).

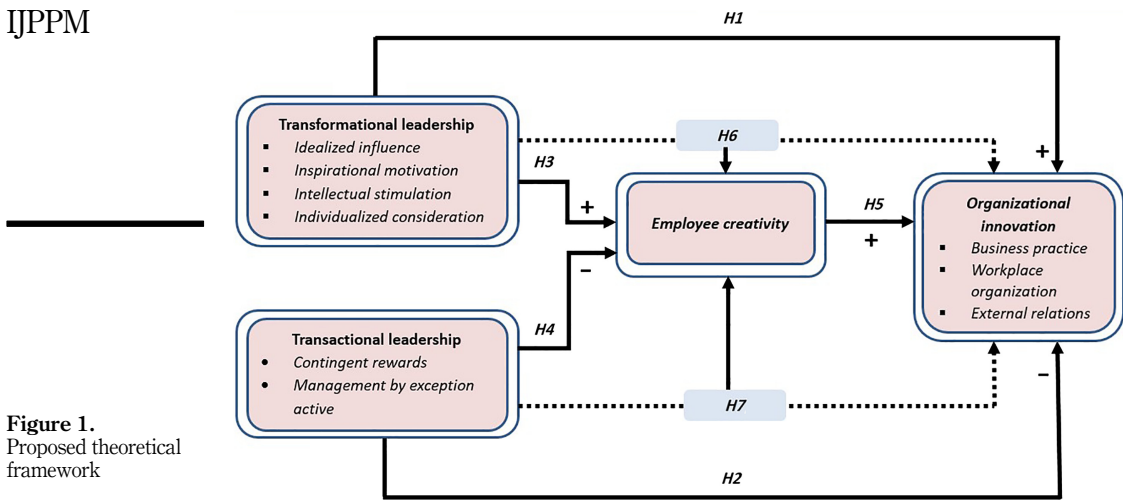
Specifically, the two popularly opposite styles of leadership namely transformational and transactional leadership were reported to impact employee creativity and organisational innovation differently (Cheung and Wong, 2011; Gumusluoglu and Ilsev, 2009; Kim and Lee, 2011; Schweitzer, 2014; Si and Wei, 2012). Therefore, this study primarily aimed to look into the linkages between transformational leadership and transactional leadership on employee creativity and components of organisational innovation at public enterprises operating in the Vietnamese coffee sector. Additionally, this research sought to examine the potential mediating role of employee creativity in the leadership styles–organisational innovation relationships. Specifically, the two central research objectives that guided this study are: (1) To establish the relationships between leadership styles, employee creativity and organisational innovation (2) To verify the mediating role of employee creativity in the relationships between leadership styles and organisational innovation. In order to fulfil these objectives, survey data were collected from employees working across departments in various Vietnamese public coffee enterprises on their perception of the leadership style that their leader reflects and how it influences employee creativity and organisational innovation.

The rest of the paper is structured as follows: First, it commences by reviewing the relevant literature on organisational innovation, leadership styles and employee creativity. Next, respective hypotheses that proposed potential relationships between these variables are formulated and demonstrated in the framework based on the comprehensive literature review as shown in Figure 1. Subsequently, it presents the research methodology and discusses data analysis techniques. Finally, the study concludes with a discussion of potential academic and managerial implications, which is followed by limitations and directions for future research.

## 2. Theoretical background and research hypotheses

### 2.1 Leadership styles

With the development of leadership studies, new leadership approaches have been introduced and the most attentive one was the full range of leadership theory (FRLT) that



**Figure 1.**  
Proposed theoretical  
framework

was first proposed by Bass (1985) and then developed by Avolio and Bass (2004). The current version includes three different leadership styles namely transformational, transactional and laissez-faire (non-leadership) or passive-avoidant (Avolio and Bass, 2004). As the most-researched contemporary theory, the FRLT suggests that effective leadership depend on particular situations and obligatory tasks that different behaviours will be exhibited by the leader (Schweitzer, 2014).

Accordingly, transformational leadership style (TFL) is characterised by the influential, inspirational, motivational and humanistic behaviour of the leader towards the followers, which focuses on future needs and long-term issues (Avolio and Bass, 2004). Particularly, TFL refers to the interaction between leaders and their followers in raising one another to higher levels of motivation and morality, inspiring employees through visions and persuading them to excel in performance and goal attainment (Li *et al.*, 2012; Wang and Howell, 2010). Accordingly, its four dimensions are idealised influence, individualised consideration, inspirational motivation and intellectual stimulation. In contrast, transactional leadership style (TSL) concentrates mainly on goal-oriented and the transactional leader sets objectives, monitors and controls organisational outcomes. In other words, transactional leadership builds the foundation for relationships between leaders and followers by specifying expectations, clarifying responsibilities, negotiating contracts, providing supervisory control and output control, based on an exchange process whereby followers are recognised and rewarded for accomplishing specified goals (Wei *et al.*, 2010). This style of leadership includes two specific dimensions that are contingent reward and management by exception active. Finally, laissez-faire or passive-avoidant leadership style represents the non-transaction decisions in which the leader avoids taking action and making decision, as well as ignoring their responsibility and authority, which is considered the least effective leadership style (Skogstad *et al.*, 2007). Due to the negative support from theoretical justification and poor characteristics of laissez-faire leadership, this study will not investigate its relations with employee creativity and organisational innovation.

## 2.2 Employee creativity

The definition of employee creativity (EC) is basically developed on the broadly accepted creativity concept. According to Wang and Zhu (2010), employee creativity was defined as a

process when employees develop new and useful ideas or solutions relating to products, services, procedures and processes within the organisation (Thatcher and Brown, 2010). Previously, Shin and Zhou (2007) also broadened this definition towards the context of team working instead of individual talents in an organisation. Cheung and Wong (2011), on the other hand, considered that employee creativity occurs when employees utilise their expertise, critical thinking skills and experience to brainstorm novel ideas for making decisions, solving problems and completing assigned tasks efficiently. Overall, in this study, employee creativity is understood as the process in which novel, useful and appropriate ideas concerning products, services, processes, business and management practices, organisational models and strategies are generated by employees to solve problems in the pursuit of work objectives. This definition is proposed on the basis that employees exhibit their creativity because of job requirements and for the sake of goal-oriented achievement in the organisation. Accordingly, that is supposed to increase the effectiveness in their job performance and improves the overall organisational effectiveness (Hon, 2013; Houghton and DiLiello, 2010).

### *2.3 Organisational innovation*

Different methods of classifying innovation and its antecedents have been utilised by researchers (Avermaete *et al.*, 2003; Damanpour and Evan, 1984). Specifically, a broad classification of innovation has been proposed including organisational innovation, technical innovation and marketing innovation (Camisón and Villar-López, 2014; Damanpour and Evan, 1984; OECD, 2005). The three types of innovation were supposed to help businesses respond to changes and competitions in the global business environment (Wong, 2013). Accordingly, organisational innovation (OI) is built up on the basis of the innovation concept and developed in the particular context.

OECD (2005) refers organisational innovation to the introduction of novel organisational methods which supports business management in the working environment or in the firm-external agent relation. This definition, actually, combines traditional and new approaches of organisational innovation (Armbruster *et al.*, 2008; Camisón and Villar-López, 2014) in such a way that OECD (2005) targeted at three concrete aspects: business practices, workplace organisation and external relations. Specifically, organisational innovation in business practices focuses on implementing new organisational methods for the efficient organisation of procedures and routines within the company such as database establishment practice, employee retention improvement and management system introduction (Ganter and Hecker, 2014; Hervas-Oliver and Sempere-Ripoll, 2015). Organisational innovation in workplace concerns implementing new methods of responsibility distribution, task division among employees, decision-making process in the organisation and other activity structuring (Ganter and Hecker, 2014; Hervas-Oliver and Sempere-Ripoll, 2015). Regarding external relations, organisational innovation concentrates on implementing new ways of expanding and maintaining relationships with other enterprises or public firms, dealing and cooperating with customers, integrating or outsourcing with suppliers (Ganter and Hecker, 2014; Hervas-Oliver and Sempere-Ripoll, 2015).

The definition of organisational innovation introduced by OECD (2005) was considered appropriate in the current organisational contexts (Damanpour and Schneider, 2006; Damanpour and Wischnevsky, 2006). In fact, businesses compete with each other not only on innovating their products, processes or marketing areas, but also on organisational methods for managing business efficiently, both in the workplace and in the relationship with external parties. Ultimately, this is supposed to influence business activities of organisations (Damanpour and Schneider, 2006; Damanpour and Wischnevsky, 2006).

In the context of this study, the employment of organisational innovation approach was determined based on the following perspectives. In the first place, existing problems pertaining to innovation in state-owned enterprises, specifically in the Vietnamese coffee industry, are reflected by weak linkages between science and local enterprises, innovative incapability due to lack of international cooperation and limited funds in the manufacturing and processing industries (Nguyen, 2014; Nguyen *et al.*, 2013; OECD, 2013). Moreover, while the rate of originating innovative activities about research and development in Vietnamese enterprises was quite low, specific organisational innovation on organisational methods remains questionable (CIEM, DoE and GSO, 2012).

#### *2.4 Studies on leadership, creativity and innovation in the Asian context and Vietnam*

*From a broad perspective of the Asian context*, recent studies on leadership, creativity and innovation variables demonstrated significant contributions. For example, Muenjohn *et al.* (2021) conducted a research within the context of SMEs in China and Vietnam investigating the relationship between leadership, innovation and organisational performance. Newman *et al.* (2018) explored a stronger moderating effect of entrepreneurial leadership on the creative self-efficacy innovative behaviour linkage than transformational and participative leadership behaviours in Chinese multinational organisations. Elrehail *et al.* (2018) found out the positive impact of TFL and knowledge sharing (KS) on the process and product innovativeness of higher education institutions located in Jordan.

In the context of Taiwanese technology and manufacturing firms, Chang *et al.* (2017) showed that TFL positively related to corporate entrepreneurship at the unit level and this relationship was also mediated by collective efficacy. Jaiswal and Dhar (2015) highlighted the implications of leadership behaviours, specifically, TFL, in stimulating employee creativity and the mediating role of innovation climate and moderating role of creative self-efficacy in Indian hotels. Karatepe *et al.* (2020) conducted a study to gauge the relationship between servant leadership, management innovation and employees' innovative behaviour on Arab hotel employees in Palestine.

Moreover, Schuckert *et al.*'s (2018) carried out a study among hotel employees in South Korea and showed greater impact of authentic leadership on psychological capital and service innovation behaviour than that of TFL. Recently, a study by Le and Lei (2019) in Chinese firms indicated the variation in the impact of TFL on product and process innovation as well as the mediating role of KS and moderating mechanism of perceived organisational support (POS). Son *et al.* (2020) also determined the effects of TFL and KS behaviours of individuals on operational and financial performance in manufacturing and service companies in China.

*In the Vietnamese context*, research studies investigating leadership behaviours and their consequences on creativity and innovation in collectivist and socialist business contexts, and particularly in such developing economies in the Asia-Pacific region as Vietnam, have been conducted in recent years. Accordingly, the tourism and hospitality sector attracted the attention of scholars when Hoang *et al.* (2021) examined the linkages between leadership, organisational climate and innovation in SMEs. Moreover, Hoang *et al.* (2019) found out the negative direct impact of empowering leadership on innovation and the mediating role of climate for innovation in the empowering leadership-innovation relationships. Meanwhile, Minh-Duc and Huu-Lam (2019) provided insights into the interactions among TFL, customer citizenship behaviour, employee intrinsic motivation and employee creativity.

In the manufacturing and service industry, Nguyen and Luu (2019) substantiated the implications of TFL on predicting organisational performance through the mediation of organisational learning, organisational innovation and organisational culture by surveying 314 Vietnamese manufacturing firms. Similarly, Le (2020) explored the influence of TFL on



radical and incremental innovation through the mediating effect of positive psychological capital in manufacturing and service firms. [Phong and Son \(2020\)](#) also tested how TFL and specific aspects of justice impacted KS of employees. Furthermore, [Tho et al. \(2020\)](#) studies the role of leadership behaviours in teams' exploratory and exploitative learning as well as team innovation in retail services in Vietnam. [Thanh's research \(2020\)](#) in information technology companies highlighted the impact of leadership sharing behaviour on creative performance of followers.

Additionally, [Van Minh et al. \(2017\)](#) discussed the effect of leaders' technical competence on employees' innovation and learning in the Vietnam telecommunications industry. Other research carried out by [Luu et al. \(2019\)](#) and [Luu \(2012\)](#) elaborated the role of charismatic leadership in encouraging creative behaviour of team members in Vietnam public healthcare service. Another study by [Ngoc-Tran and Gregar \(2018\)](#) conducted in public universities in Vietnam discovered how the engagement of knowledge management activities boosts organisational innovations and organisational effectiveness from managerial perspectives.

Despite recent studies on leadership, creativity and innovation in various sectors in Vietnam, less attention has been focused on exploring the linkages as well as the mediating effect between these factors in the context of Vietnam coffee industry, which is the gap that we are trying to address.

## 2.5 Leadership styles and organisational innovation

Leadership, as a contextual factor ([Hammond et al., 2011](#)), has been considered a key driver that fosters organisational innovation by skills, action and motivation of the leader to lead organisations to stay innovative ([Gumusluoglu and Ilsev, 2009](#); [Sharifiad and Ataei, 2012](#); [Nelson and Shraim, 2014](#); [Zaitouni and Ouakouak, 2018](#)). Moreover, reports by studies on leadership in state-owned enterprises have long confirmed the important role of leaders towards establishing competitive and adaptive organisations ([Muchiri et al., 2012](#)). Particularly, in the current economic and social situation, concentration is put on how to promote leadership behaviours of the leaders in an endeavour to change the existing bureaucratic procedures in state-owned organisations, reform managerial and organisational practices as well as improve public organisational performance ([Andersen, 2010](#); [Fernandez et al., 2010](#)). [Holten and Brenner \(2015\)](#) reported that TFL and transactional leadership were commonly found in studies relating to state-owned enterprises and organisational outcomes. These two styles of leadership, accordingly, were reported to differently influence employee creativity and organisational innovation ([Jung et al., 2003](#); [Shallen and Gilson, 2004](#); [Si and Wei, 2012](#); [Schweitzer, 2014](#)).

*2.5.1 Transformational leadership and organisational innovation.* As a predictor of changes in business environment and an initiator of innovative measures, the transformational leader impacts on organisational effectiveness and the achievement of higher organisational innovation level ([Mathew and Rakesh, 2016](#); [Mokhber et al., 2018](#)). Therefore, TFL has been proven to be more effective than other leadership styles in terms of fostering organisational innovation ([Bass and Riggio, 2006](#); [Sarros et al., 2008](#)). [Judge and Piccolo \(2004\)](#) specifically argued that TFL appeared to be more efficacious compared to transactional leadership in both public and private enterprises. [Mohabbat and Shahriar \(2014\)](#) also supported this argument by indicating that due to the current trend of contemporary leadership featured by obsolete top-down management approach, leaders in public organisations tend to build a good rapport with their subordinates and pay more attention to their desires and psychology.

TFL has been conceptually linked to the innovative process as transformational leaders initiate changes in business practices, processes, structures and motivate employees to adapt to new trends in the organisation ([Bass, 1985](#); [Vaccaro et al., 2012](#)). Moreover,

transformational leaders with interactive vision, personal commitment and professional commitment are considered by theoretical and empirical research as efficient in supporting followers as well as satisfying their needs and desires (Aragon-Correa *et al.*, 2007; Jung *et al.*, 2003; Kassotaki, 2019; Mokhber *et al.*, 2018). In order to validate whether TFL influences organisational innovation, the following hypothesis is purposefully proposed:

- H1. Transformational leadership positively influences the dimensions of organisational innovation.

*2.5.2 Transactional leadership and organisational innovation.* Bass *et al.* (2003) argued that transactional leadership appeared to be the most effective style of organisational leadership prior to the introduction of TFL theory in the leadership literature (Burns, 1978; Bass, 1985). The effectiveness of transactional leadership was reflected by the way the leader transacts with their followers by clear exchange relationship of achieving organisational objectives for rewarding and benefits. Moreover, transactional leaders also take prompt corrective actions in case of their subordinates' failures (Bass *et al.*, 2003).

Transactional leadership, together with TFL, has been well recognised as the two leadership styles which had impact on organisational outcomes, particularly organisational innovation (Bass *et al.*, 2003). The majority of previous studies supported that transactional leadership negatively influenced organisational innovation (Pieterse *et al.*, 2010). Specifically, studies by Howell and Higgins (1990) and Church and Wacławski (1998) showed that transactional leadership emphasises less on organisational innovation compared to TFL. Additionally, transactional leadership was predicted to negatively influence innovative behaviour and organisational performance (Kassotaki, 2019; Wei *et al.*, 2010). The rationale accommodating this finding was that the transactional leader focused on adhering to well-established rules and standards in the organisation, business practices, organisational methods and external relationships. Moreover, the transactional leader prefers a stable and predictable working environment, thereby expects their employees to achieve the required performance instead of taking risks (Wei *et al.*, 2010). Besides, findings by Pieterse *et al.* (2010) added that transactional leadership negatively associated with organisational innovation in large and mature organisations. It is argued that there might exist a correlation between transactional leadership and organisational innovation. Accordingly,

- H2. Transactional leadership negatively influences the dimensions of organisational innovation.

## *2.6 Leadership styles and employee creativity*

Dess and Picken (2001), Jung (2001), Hermann and Felfe (2013) ascertained that leadership style, one of the contextual factors, is an increasingly important determinant of employee creativity (Gupta *et al.*, 2012; Wang *et al.*, 2013). Particularly, the active role of the leader was reflected by setting suitable organisational objectives, supporting and encouraging employees to brainstorm new ideas, providing constructive feedbacks as well as recognising their contributions to the organisation (Ibbotson and Darsø, 2008). Leadership styles, specifically, TFL and transactional leadership were studied as one of the most influential factors on employee creativity in the organisation, considering the intense competitions among enterprises in the global business environment that witnesses fast-changing customer demands and work process (Deichmann and Stam, 2015).

*2.6.1 Transformational leadership and employee creativity.* Prior studies, from both theoretical and practical perspectives, have strongly supported the expectation that TFL would enhance employee creativity (Ebrahimi *et al.*, 2016; Jung *et al.*, 2003). García-Morales



*et al.* (2012) argued that transformational leaders focus on creating emotional links with their employees and inspiring higher values, which nourishes employee creativity (Bushra *et al.*, 2011; Chi and Pan, 2012; Wang and Cheng, 2010). Moreover, employees tend to produce creative ideas when they work under the supervision of the leader who displays supportive and non-controlling behaviour (Tierney *et al.*, 1999) as well as builds up a supportive climate for creativity (Henker *et al.*, 2015).

Jung and Avolio (2000) affirmed that leaders who demonstrate inspirational motivation, intellectual stimulation, idealised influence and individualised consideration are capable of promoting personal and organisational changes. Moreover, they challenge followers to try out new approaches (Kark and Van Dijk, 2007; Shin and Zhou, 2003; Zacher *et al.*, 2016), realigning followers' norms and values and helping them achieve beyond expected performance with clear and ambitious vision. Those characteristics of transformational leaders considerably contribute to motivating employees intrinsically, which acts as a valuable source for enhancing their creativity (Mittal and Dhar, 2015). Therefore, these supporting arguments help formulate the following hypothesis:

H3. Transformational leadership positively influences employee creativity.

*2.6.2 Transactional leadership and employee creativity.* Research practices revealed that the effect of transactional leadership on employee creativity has not received much attention by scholars, which was evidenced by a limited number of studies (Kim and Lee, 2011; Kassotaki, 2019). Bass (1985) affirmed that transactional leadership, representing the effective leadership style was characterised by the concept of mutual exchange between the transactional leader and employees. However, transactional leadership reported by previous research positively and negatively influenced employee creativity (Herrmann and Felfe, 2013). Specifically, Amabile *et al.* (2004) argued that the transactional leadership supports employee creativity by clarifying the performance standards and expected outcomes, providing employees with effective resources to achieve the organisational goals in exchange for rewards and beneficial policies. Contrastingly, critics of transactional leadership expressed their suspicion about the strong relationship between this leadership style and employee creativity (Herrmann and Felfe, 2013). For instance, transactional leadership, compared to TFL, was less likely to lead to brainstorming ideas and tasks (Jung, 2001). Similarly, the relationship between transactional leadership and employee creativity was found to be negative by Boerner *et al.* (2007) and Moss and Ritossa (2007). Pieterse *et al.* (2010) argued that transactional leadership may influence employee creativity negatively because transactional leaders pay less attention to encourage creativity and innovation. Moreover, they focus more on supporting employees to achieve the expected performance, which suppresses the motivation to engage in creative behaviour of followers (Kim and Lee, 2011).

Generally, employees who work under the supervision of transactional leaders are not motivated to try out new approaches and creative solutions for business practices, workplace organisation and external relations but achieve expected performance (Jung, 2001). Thus, this study formulates the following hypothesis:

H4. Transactional leadership negatively influences employee creativity.

## 2.7 Employee creativity and organisational innovation

Theoretically considered as a basic source of innovation, employee creativity occurs when employees generate new and potentially useful ideas (Olham and Cummings, 1996; Zaitouni and Ouakouak, 2018). On the other hand, innovation just takes place when those ideas are successfully and commercially implemented at the organisation level, which underlines the processes and outcomes (Olham and Cummings, 1996). In the context of this study,

therefore, it can be inferred that creative employees are those who identify opportunities for improvement, brainstorm novel ideas or suggest solutions to problems. Particularly, such problems relate to organisational methods that better work for business practices, working environment and external relations in the organisation. Moreover, creative employees transfer their new and useful ideas to other colleagues as well as considerably contribute to developing effective plans for implementing suggested new ideas.

The relationship between employee creativity and organisational innovation has been well documented by a number of both conceptual and empirical research (Jaiswal and Dhar, 2015; Müceldili *et al.*, 2013). Kunz, Schmitt, and Meyer (2011) argued that employee creativity was an important part of organisational innovation featured by two key aspects: novelty and meaningfulness. Tung and Yu (2016) added to the literature that employee creativity was considered as the enterprise's core competency, which helps the organisation to foster organisational innovation and maintain its competitive advantages (Ibbotson and Darso, 2008). Additionally, employee creativity was perceived as the first stage of organisational innovation and served as the foundation for organisational innovation to develop (Allen *et al.*, 2015; Baer, 2012; Hughes *et al.*, 2018; Ismail *et al.*, 2019). Therefore, the specific role of employee creativity in predicting organisational innovation leads this study to come up with the following hypothesis:

- H5.* Employee creativity positively influences the dimensions of organisational innovation.

### *2.8 The potential mediating role of employee creativity in the leadership styles–organisational innovation relationships*

The motive for this study to examine the relationship among leadership styles, employee creativity and organisational innovation originated from the fact that there still exists an implicit mechanism in the linkage between leadership and organisational innovation despite a number of prior studies (Crossan and Apaydin, 2010). There will be certain underlying factors in the organisation that unintentionally influence, facilitate or hamper the relationships between leadership styles and organisational innovation. Therefore, Makri and Scandura (2010) argued that processes that play the role of mediator should be investigated in order to identify the direct and indirect effect of leadership styles on organisational innovation. Specifically, empirical relationships existed between leadership styles and organisational innovation (İşcan *et al.*, 2014; Ebrahimi *et al.*, 2016), leadership styles and employee creativity (Herrmann and Felfe, 2013; Derecskei, 2016), employee creativity and organisational innovation (Chen *et al.*, 2010; Anderson *et al.*, 2014). Thus, leadership styles are supposed to have conducive effects on employee creativity that subsequently influences organisational innovation. Additionally, as leadership was found to influence employee creativity and organisational innovation, an effective leader with appropriate leadership style that may promote employee creativity will indirectly lead to organisational innovation. Specifically, the effects of transformational and transactional leadership on creativity of employees impacts innovation in state-owned enterprises differently (Holten and Brenner, 2015; Judge and Piccolo, 2004; Schweitzer, 2014). This indicates a potential role of employee creativity as a mediator in the correlations between leadership styles and organisational innovation.

Based on the aforementioned arguments and the previous literature about TFL, transactional leadership, employee creativity and organisational innovation, this study proposes the following hypotheses:

- H6.* Employee creativity mediates the relationship between transformational leadership and organisational innovation.

---

H7. Employee creativity mediates the relationship between transactional leadership and organisational innovation.

### 3. Methodology

#### 3.1 Sampling

The coffee sector is one of the core industries that contributes to the economic development in Vietnam where public enterprises play the fundamental role in coffee planting and exporting activities (Nguyen, 2014; Vietrade, 2017). Importantly, it provided the huge employment opportunities for the local populace. Utilising cluster sampling technique, state-owned coffee enterprises in the Vietnamese coffee industry were selected from the population of coffee enterprises of all kinds as a primary source for official data collection. Specifically, a list of 57 identified public coffee enterprises was obtained based on the integrated information from government portal, internal reports by the Vietnam National Coffee Corporation, The Ministry of Agriculture and Rural Development of Vietnam and the VICOFA. Although the sample included all non-managerial employees working in different public coffee enterprises in the coffee industry, only employees with at least one year working experience were selected to participate in the survey. Out of 550 questionnaires distributed to prospective respondents using mail survey with an endorsed covering letter, the initially recorded response rate was 67.09 percent, which was equivalent to 369 useable responses for further data analysis.

The number of male respondents was 256 (69.4%), which exceeds that of female respondents 113 (30.6%). Participants between 35 and 44 years of age constituted the largest percentage of the total respondents, namely 147 (39.9%) while 96 (26%) respondents represent the 25–34 age group. Approximately 295 (80%) of the total respondents were employees and the rest 74 (20%) were Deputy and Head of Department. Particularly, more than half of the participants 190 (51.5%) were officers while vice captain (who is entrusted with the responsibility of supporting the captain in directly supervising the manufacturing performance of the workers and keep the captain informed about their work progress for the sake of increasing work efficiency) and captain (who is responsible for regular supervision of the progress of workers and reminding them of errors in their work for prompt remedies to maximise their productivity and efficiency) accounted for 46 (12.5%) and 59 (16%) respectively. 44 (11.9%) of the respondents were working as Deputy of Department while 30 (8.1%) were employed as Head of Department. With regard to length of service, more than two-thirds 266 (72.1%) of the respondents have been working in their organisations for more than five years while 103 (27.9%) have less than five years of working experience. This number indicates that employees might have reasonable assessment on how the leadership style of their leader affected their creativity and organisational innovation. Additionally, the majority of the respondents (198; 53.7%) held associate/college degree as their highest education level. Generally, it could be conclusive that responses of the majority of the participants were deemed appropriate in terms of reliability and validity for this study.

#### 3.2 Measures

**3.2.1 Leadership styles.** To assess transformational leadership, transactional leadership and its dimensions, this study employed the current version of the Multifactor Leadership Questionnaire (MLQ)-5X Short Rater Form that was developed by Avolio and Bass (2004). According to Kirkbride (2006), MLQ was regarded as the most widely used instrument to assess leadership styles. Within the scope of this study, employees are required to assess their immediate leaders using that rater form, encompassing only 28 out of 45 items (Avolio and Bass, 2004). Sample items include “Instills pride in me for being associated with him/her” and

“Provides me with assistance in exchange for my efforts”. Each item was rated on a scale from 1 (*not at all*) to 5 (*frequently, if not always*).

**3.2.2 Employee creativity.** The 13-item scale developed and validated by [Zhou and George \(2001\)](#) was adapted to measure the employees’ perception of their creativity that leads to the organisational innovation. A sample item is “I suggest new ways to achieve goals or objectives” and a 5 point Likert-type scale ranging from 1(*not at all characteristic*) to 5 (*very characteristic*) was used.

**3.2.3 Organisational innovation.** To measure organisation innovation derived from the [OECD \(2005\)](#) definition, this study used 10 items adapted from [Camisón and Villar-López \(2011\)](#) and [Armbruster et al. \(2008\)](#), representing three dimensions. Employees were asked to assess the extent to which their organisation has recently used for the first time the organisational instruments in business practices, workplace organisation and external relations on a five-point Likert-type scale ranging from 1 (Never) to 5 (very often). Illustrative item is “Used databases of best practices, lessons, and other knowledge”.

### 3.3 Procedure

Structural equation modelling (SEM) with IBM-SPSS and AMOS software version 23 was utilised to test the proposed theoretical model. Particularly, covariance-based SEM was adopted in this study to confirm theoretically assumed hypotheses between predictor (exogenous) variables and dependent (endogenous) variables ([Willably et al., 2015](#)). Accordingly, descriptive analysis, inferential statistics, exploratory factor analysis (EFA), confirmatory factor analysis (CFA), measurement of fit indices as well as analyses for modification purposes were conducted. Additionally, by applying SEM approach, the path coefficient total effects of all variables on the dependent construct were investigated and assessing the mediating effect was also proceeded.

## 4. Results

Alpha coefficients of all variables surpassed the suggested threshold value of 0.7 and ranged from 0.819 to 0.933, as shown in [Table 1](#). After completing the EFA step, pooled CFA procedure was performed for all latent constructs involved in the research model using AMOS version 23. Accordingly, convergent validity for every construct in the CFA model was achieved because factor loadings of all items were statistically significant ( $p < 0.001$ ). Moreover, values of average variance extracted (AVE) of latent constructs higher than 0.5 demonstrated adequate convergence as illustrated in [Table 1](#). Additionally, discriminant validity for all constructs in the model was confirmed. Specifically, maximum shared variance (MSV) for each construct was lower than its AVE. The square root value of AVE for each construct were higher than its correlations value between the respective constructs. Moreover, correlations between measures represented by correlation coefficient value lower than 0.90 indicated that all variables were distinct ([Table 2](#)).

The overall measurement model comprising of all constructs was assessed in terms of its validity for the next phase of SEM analysis ([Zabkar, 2000](#)). Accordingly, four main constructs including TFL, TSL, EC and OI constituted the hypothesised model, which serves as the conceptual framework of this study. Results of the CFA supported the validity of four-construct measurement model that included three second-order constructs: TFL, TSL and OI and one first-order construct: EC. Particularly, the results of fitness indexes indicated a well-fitting model with  $\chi^2 (843) = 1200.208$ ,  $p < 0.05$ , GFI (Goodness of fit index) = 0.871, TLI (Tucker–Lewis Index) = 0.959, CFI (Comparative Fit Index) = 0.962 and RMSEA (Root mean square error of approximation) = 0.034. Additionally, the standardised regression weights revealed that all items were significantly loaded onto the intended construct and sub-constructs with standard loadings above the recommended value of 0.5. Furthermore, a one

**Table 1.**  
Scores of validity test  
for all variables

	CR	AVE	MSV	MaxR(H)	IM	II	EC	CRW	IS	MBEA	ER	IC	BP	WO
IM	0.823	0.608	0.289	0.831	<i>0.780</i>									
II	0.931	0.661	0.027	0.934	−0.111	<i>0.813</i>								
EC	0.892	0.512	0.359	0.902	0.429	−0.064	<i>0.715</i>							
CRW	0.873	0.632	0.309	0.874	0.425	−0.163	0.320	<i>0.795</i>						
IS	0.876	0.638	0.186	0.878	0.228	0.026	0.319	0.234	<i>0.799</i>					
MBEA	0.844	0.576	0.198	0.849	0.226	−0.062	0.417	0.246	0.173	<i>0.759</i>				
ER	0.921	0.796	0.025	0.928	−0.035	−0.023	−0.089	−0.094	−0.158	−0.118	<i>0.892</i>			
IC	0.884	0.718	0.279	0.886	0.381	−0.022	0.366	0.297	0.431	0.225	−0.124	<i>0.848</i>		
BP	0.852	0.590	0.358	0.861	0.538	−0.122	0.536	0.556	0.368	0.334	−0.069	0.528	<i>0.768</i>	
wo	0.855	0.664	0.359	0.863	0.474	−0.081	0.599	0.426	0.272	0.445	−0.078	0.327	0.598	<i>0.815</i>

**Note(s):** Values below the diagonal are correlation estimates among constructs, diagonal elements are squared root of the Average variance extracted (AVE) for individual construct

---

Variable	II	IM	IS	IC	CRW	MBEA	EC	BP	WO	ER
II	1.000									
IM	-0.111	1.000								
IS	0.026	0.229***	1.000							
IC	-0.019	0.383***	0.431***	1.000						
CRW	0.165**	-0.426***	-0.235***	-0.223***	1.000					
MBEA	0.062	-0.227***	-0.173***	-0.224***	0.224***	1.000				
EC	-0.072	0.335***	0.270***	0.353***	-0.307***	-0.378***	1.000			
BP	0.126*	0.544***	0.372***	0.515***	-0.505***	-0.332***	0.440***	1.000		
WO	-0.080	0.473***	0.271***	0.326***	-0.407***	-0.445***	0.488***	0.598***	1.000	
ER	-0.081	0.066	-0.104	-0.075	0.005	0.062	0.081	0.025	0.065	1.000

Note(s): \* $p < 0.05$  (2-tailed); \*\* $p < 0.01$  (2-tailed); \*\*\* $p < 0.001$  (2-tailed)



latent construct measurement model in which all indicators loaded onto a single factor resulted in a poor fit. Thus, the construct validity of the measures used in this study was strongly supported, all of the items were retained for testing hypothesised structural relationships in the next phase.

As summarised in Table 3, results of structural model demonstrated that the hypothesis linking TFL to dimensions of OI (H1) was supported. Specifically, TFL had a significantly positive effect on OI ( $\beta = 0.778, p < 0.001$ ). Similarly, the hypothesis linking TSL to dimensions of OI (H2) was supported. Accordingly, TSL had a significantly negative effect on OI ( $\beta = -0.928, p < 0.001$ ). On the other hand, TFL positively affected EC and its relationship was significant ( $\beta = 0.514, p < 0.001$ ), thus yielding support for H3. Conversely, TSL negatively influenced EC and its relationship was significant ( $\beta = -0.648, p < 0.001$ ), thus substantiated H4. Additionally, findings of hypothesis on the relationship between EC and OI revealed that EC positively influenced all dimensions of OI, namely, business practices, workplace organisation and external relations. Moreover, the effects of EC on all dimensions of OI were significant ( $\beta = 0.751, p < 0.001$ ), hence supported H5.

Regarding TFL – OI model, a good fit to the data was supported,  $\chi^2(549) = 871.409, p < 0.05$ , GFI = 0.885, TLI = 0.957, CFI = 0.960 and RMSEA = 0.040. Concurrently, correlations between TFL, EC and OI were significant. Moreover, the original model showed  $\chi^2(549) = 871.409, p < 0.05$  while the revised model demonstrated  $\chi^2(548) = 835.122, p < 0.05$ . Thus, it was recognisable that the value of Chi-square in the revised model with the additional direct relationship reduced substantially ( $\Delta\chi^2 = 36.287, df = 1, p < 0.05$ ), which improved fitness of the model. The added direct path between TFL and OI in the revised model was significant and positive ( $\beta = 0.537, p < 0.001$ ). Additionally, there was a statistically significant direct and positive relationship between TFL and OI in the TFL – OI model ( $\beta = 0.778, p < 0.001$ ) (Table 3). Comparatively, the standardised beta value of the direct effect linking TFL and OI was observed to reduce from 0.778 to 0.537 as EC was entered. Therefore, the existence of partial mediation was supported. Additionally, as shown in Table 4, the diminished indirect effects of TFL → OI from 0.420 to 0.246 and the significantly direct effect of TFL → OI substantiated the partial mediator of EC in the TFL – OI model.

Factors/items		Std. loading	S.E.	C.R.	<i>p</i>
Organisational innovation	← Transformational leadership	0.778	0.177	5.982	***
Organisational innovation	← Transactional leadership	−0.928	0.232	−6.726	***
Employee creativity	← Transformational leadership	0.514	0.102	5.504	***
Employee creativity	← Transactional leadership	−0.648	0.144	−7.341	***
Organisational innovation	← Employee creativity	0.751	0.065	10.950	***

**Table 3.**  
Results of  
structural model

Standardised effects	Original model (only indirect effects)	Revised model (indirect and direct effects)
<i>TFL - OI model</i>		
Total effects	0.420	0.783
Direct effects	0.000	0.537
Indirect effects	0.420	0.246
<i>TSL - OI model</i>		
Total effects	−0.549	−0.896
Direct effects	0.000	−0.707
Indirect effects	−0.549	−0.189

**Table 4.**  
Direct and indirect  
relationships of all  
variables

Considering TSL – OI model, a good fit to the data was confirmed,  $\chi^2(292) = 435.618$ ,  $p < 0.05$ , GFI = 0.916, TLI = 0.969, CFI = 0.972 and RMSEA = 0.037. Simultaneously, correlations between TSL, EC and OI were significant. Moreover, the original model showed  $\chi^2(292) = 435.618$ ,  $p \leq 0.05$  while the revised model demonstrated  $\chi^2(291) = 401.562$ ,  $p \leq 0.05$ . Thus, it was recognisable that the value of Chi-square in the revised model with the additional direct relationship reduced substantially ( $\Delta\chi^2 = 34.056$ ,  $df = 1$ ,  $p \leq 0.05$ ), which improved fitness of the model. The added direct path between TSL and OI in the revised model was significant and negative ( $\beta = -0.707$ ,  $p < 0.001$ ). Additionally, there was a statistically significant direct and negative relationship between TSL and OI in the TFL – OI model ( $\beta = -0.928$ ,  $p < 0.001$ ) (Table 3). Comparatively, the standardised beta value of the direct effect linking TSL and OI was observed to reduce from 0.928 to 0.707 as EC was included. Therefore, the existence of partial mediation was supported. Additionally, as shown in Table 4, the decreased indirect effects of TSL → OI from 0.549 to 0.189 and the significantly direct effect of TSL → OI substantiated the partial mediator of EC in the TSL – OI model.

## 5. Discussion

This paper purposefully examines the linkages between transformational leadership, transactional leadership on employee creativity and organisational innovation at public enterprises operating in the Vietnamese coffee sector. Additionally, this research also seeks to examine the potential mediating role of employee creativity in the leadership styles–organisational innovation relationships. Specifically, results supported the positive relationship between transformational leadership and organisational innovation in Vietnamese state-owned coffee enterprises. Theoretically, transformational leadership was associated with organisational climates and cultures that facilitate risk-taking activities and promote innovation (Bass and Avolio, 1993). Moreover, the transformational leader creates visions, formulates strategies, addresses intrinsic motivation and sets basic conditions for works in the organisations as well as looks forward to an appealing future (Matzler *et al.*, 2008). In other words, the transformational leader promotes the tendency of organisations to innovate by disseminating new visions and creative ideas (Gumusluoglu and Ilsev, 2009). Empirically, findings of this study relevantly corresponded to those of previous research that confirmed the positive impact of transformational leadership on different types of innovation (Gumusluoglu and Ilsev, 2009; Jung *et al.*, 2003; Schweitzer, 2014).

On the contrary, the increase in displaying transactional leadership by the leader leads to diminishing effects on organisational innovation in terms of business practices, workplace organisation and external relations in the context of Vietnamese state-owned coffee enterprises. The theory of transactional leadership argued that the transactional leader tends to work in well-established systems and acts in his or her self-interest (Howell and Avolio, 1993). Additionally, the leader reacts negatively to mistakes, emphasising on work standards and followers' compliance as well as expecting followers to achieve task-oriented and organisational goals (Lee, 2008). Otherwise stated, transactional leadership was linked to bureaucratic authority and authenticity in the organisation. Moreover, the leader also substantially relies on rewards and punishments in order to exert influence on performance. Empirical evidences also substantiated the consistency in results of this study with Lee's (2008) and Saad *et al.* (2010) as postulating that transactional leaders tend not to nurture and encourage organisational innovation (Pieterse *et al.*, 2010).

Additionally, findings of this study extended previous studies that stressed the significant positive effect of transformational leadership on employee creativity (Gumusluoglu and Ilsev, 2009; Henker *et al.*, 2015; Shin and Zhou, 2003; Wang *et al.*, 2013). In other words, the transformational leader maximises intrinsic motivation of the employees and influences their attitudes by cultivating a collective mentality to attain organisational goals, thus enhances

employee creativity in the organisations (Shin and Zhou, 2003). Inversely, there existed a direct and negative relationship between transactional leadership and employee creativity. Accordingly, employees under the transactional leader are not encouraged to attempt novel ways of solving existing problems in their respective work and in the organisation, which causes employees not to perform creatively (Lee, 2008). Additionally, employees feel reluctant and less confident to exploratory thinking because they are scared of failing to meet expectations and standards required by the transactional leader who tend to react negatively to mistakes (Amabile, 1988). Moreover, this negative association might also ascribe to the management system characterised by bureaucratic practices that prevail in the state-owned enterprises of all sectors in Vietnam that hamper employee creativity (Bolin and Härenstam, 2008; Hirst *et al.*, 2011).

Results also demonstrated that employee creativity positively related to all dimensions of organisational innovation. In other words, the higher level the employee creativity, the more likely successful the organisational innovation is. This supported the widely accepted concept that creativity is the process of generating new ideas and solutions while innovation subsequently focuses on implementing ideas in an attempt to bring about better products, services or process (Anderson *et al.*, 2014; Baer, 2012). Moreover, findings were consistent with Oldham and Cummings' (1996) and Alarifi's (2014) in developing countries, targeting at public sector institutions. Additionally, results also supported the theory about the intersection model of creativity and innovation by Amabile (1988) stating that individual creativity and organisational innovation process are explicitly interdependent.

Eventually, employee creativity was found to partially mediate the leadership styles–organisational innovation relationships. Specifically, the partially mediated model TFL-OI demonstrated that transformational leadership enhanced the employee creativity, which leads to intensifying organisational innovation. As leaders show transformational leadership behaviours towards employees, these subordinates feel motivated and confident to contribute creative ideas to the organisations, which in turn positively predicts organisational innovation. In other words, employee creativity helps underlying the positive effects of transformational leadership on organisational innovation. On the other hand, the partially mediated TSL-OI model showed that transactional leadership impairs the level of employee creativity and that of organisational innovation. However, the negative effect of transactional leadership can be modified by employee creativity, which is evidenced by the reduction in the direct effect of transactional leadership on organisational innovation. Equally, employee creativity helps weaken the disadvantageous effects of transactional leadership on organisational innovation in business practices, workplace organisation and external relations. In essence, the literature was supported by results of this study regarding the specific context of a developing country and collectivist cultures of Vietnamese state-owned coffee enterprises.

## 6. Theoretical contributions

By developing and investigating a conceptual framework that demonstrates relationships among leadership styles, employee creativity and organisational innovation, empirical findings of this study significantly contribute to intensifying extant leadership, creativity and innovation literature. First and foremost, with respect to leadership theories, empirical findings of this study on relationships between two different leadership styles, employee creativity and organisational innovation enriched behavioural theories of leadership that assumed the effect of the leader's appropriate personal behaviours on creativity and innovation (Krause, 2004; Lee, 2008). Specifically, this study added distinctive supports to the leadership literature by identifying key leadership behaviours that foster or impair employee creativity and organisational innovation through investigating their relationships with two

---

different leadership styles in the same research model (Bledow *et al.*, 2011; Rowold and Heinitz, 2007; Schweitzer, 2014).

Second, as the significance of organisational innovation regarding organisational methods in the current innovation literature remains relatively new, a thorough understanding of that concept is not fully acquired (Camisón and Vilar-López, 2014). Moreover, due to the inconsistencies in the perception and usage of the organisational innovation concept, findings of attempted studies reached inconclusive results (Baer, 2012; Damanpour and Aravind, 2012). Therefore, empirical results presented in this study made important contributions to the literature by having confirmed the significant determinants of transformational leadership, transactional leadership and employee creativity towards organisational innovation. While organisational innovation was positively and directly related to transformational leadership, it was negatively and directly correlated with transactional leadership. These evidences highlight the importance of distinguishing between two styles of leadership that influenced organisational innovation differently. In short, the reported linkages between transformational leadership and organisational innovation was stronger than that between transactional leadership and organisational innovation. In other words, organisational innovation was on the basis of simultaneous and multiple impacts of individual and collective contextual factors. Accordingly, the apprehension of the effects of leadership styles and employee creativity on organisational innovation is enhanced.

Finally, to our current knowledge, this empirical study is supposed to be the first to examine the role of employee creativity as a mechanism to explain leadership styles–organisational innovation linkages in the context of Vietnamese public coffee enterprises. Investigating whether employee creativity mediates the relationships between leadership styles and organisational innovation regarding organisational methods in the current research context, specifically in public enterprises in developing countries is unexplored and less understood. Therefore, results of this study contribute to exploring the substantive mediator that explicates how the effects of transformational leadership and transactional leadership on organisational innovation are unveiled (Chi and Pan, 2012; Colquitt and Zapata-Phelan, 2007). This empirically contributes to complementing the existing literature primarily in terms of conceptualisation with regard to the connection between leadership styles and organisational innovation through the mediating effect of employee creativity.

## 7. Managerial implications

This study is the first attempt to examine the effects of transformational leadership, transactional leadership on employee creativity and organisational innovation in Vietnam. Equally important, it was conducted in state-owned enterprises operating in the coffee industry that significantly contributes to the national economic and social development. By realising the important role of non-technical innovation, particularly organisational innovation relating to organisational methods towards the survival and growth of enterprises, it is critical for leaders to promote organisational innovation by putting their continuous efforts on utilising their personality traits and skills of strategic planning and supervising (Botelho, 2020; Tung and Yu, 2016).

Furthermore, findings revealed that organisational innovation was more likely to be fostered by the positive influence of leadership behaviours, specifically transformational leadership and the improvement of employee creativity. Therefore, results benefit the management of organisations and policy makers by providing an insight of which leadership style will effectively suit public enterprises to promote employee creativity and foster organisational innovation. Accordingly, appropriate measures can be taken by the management to foster positive relationships and reverse negative linkages between constructs.

Specifically, as employees are offered more support, care and trust by the leader, they become more interactive and confident in sharing new ideas with leaders, which indirectly advances the creative level of employees (Jung *et al.*, 2003; Kong *et al.*, 2019; Zaitouni and Ouakouak, 2018). Additionally, the leader shapes enterprises' potentials to generate innovative outcomes using his capabilities by promoting an encouraging working environment that facilitates employees in contributing creative abilities and knowledge to the organisation. Thus, given the reality of fast changes in business climate, an effective leader should adopt competent characteristics of transformational leadership rather than transactional leadership to yield positive employee creativity, which translates into more effective organisational innovation.

Since the economic evolution known as "Doi Moi", state-owned enterprises in Vietnam still show ubiquitous influence on the performance of organisations and individuals in the economic sectors (Phuong and Takahashi, 2021). While the appointment of the leaders in public enterprises is finally determined by the higher level of management based on the collective voting outcome in the organisations, decisions and powers of the leaders are restricted (Tran *et al.*, 2016). Therefore, leaders demonstrating the attributes of transformational leadership in public enterprises can act within their granted authorities to foster the creativity of employees. On the contrary, by exploiting the collective agreement in public organisations, leaders showing TSL tend to elude their personal responsibilities, which was detrimental to employee creativity. Specifically, the unwillingness of the transactional leaders to encourage employees to adopt risk-taking activities results in the negative effect on the organisational innovation.

Tran *et al.* (2016) also pointed out that leader's intelligence, knowledge and expertise are not the utmost determinants to get leaders promoted in Vietnam public enterprises. More importantly, interpersonal skills and political behaviours of the leaders are playing their crucial roles. Phuong and Takahashi (2021) highlighted outcomes of research about leadership effectiveness in Vietnam that employees expect their leader to demonstrate supportive attributes by creating a favourable working environment.

Due to the high power distance prevailing in Vietnam society, employees working in organisations, especially in public enterprises, are reluctantly obedient to whatever tasks assigned by the leader although they may not fall within their job descriptions or are overqualified (Nguyen *et al.*, 2018). Moreover, it is not illegitimate when employees perceived unfair treatment among subordinates or power abuse exhibited by the leader in their organisations, which bears similarities with other high power distance countries in the Asia-Pacific region (Budhwar *et al.*, 2016). Therefore, long-term and non-monetary relationships in the organisation need to be established and maintained between supervisors or leaders and their subordinates in order to encourage their creativity (Phuong and Takahashi, 2021). This solution may provide employees with psychological supports based on the significance of trust, respect and professional development to keep them motivated by investing time and effort in the creative process. In this particular situation, the attributes of transformational leadership that focuses on equal task and resource allocation between employees as well as appropriate and thoughtful consideration about subordinates can help.

Particular features of state-owned enterprises in Vietnam manifested by bureaucratic rules, highly structured organisations and perceived transactional leadership of the leaders might have restricted employees in their creative abilities and impacts on organisational innovation. Nevertheless, results of this study highlighted the significant role of employee creativity in enhancing the positively direct effect of transformational leadership on organisational innovation and modifying the negatively direct effect of transactional leadership on organisational innovation. Thus, the management should employ flexible and reformed policies regarding benefits and competitive gains to improve employee creativity,

---

which in turns boosts organisational innovation. Simultaneously, selecting employees with required skills and fitted personality profile regarding creative abilities must be considered during the recruitment process in the public enterprises.

### 8. Limitations and directions for future research

Some limitations based on interpreting the current findings of this study must be acknowledged. Specifically, data on both predictors and outcome variables were simultaneously collected from the same source. Accordingly, employees might assess their behaviour as creative despite the fact that it is not in reality. However, [Zhang and Bartol \(2010\)](#) stated that the individual creativity is considered as an internal process that should be rated by the employees themselves rather than their supervisors. Additionally, despite its good generalisation for research findings, the adopted non-experimental cross-sectional design in this study also makes it difficult to provide inference about the direction of causality between variables because all variables were measured at the same point of time and using the same questionnaire. Moreover, the research sample was collected from employees working in Vietnamese state-owned enterprises in the same coffee industry. Despite its controllable industry effects, new discovery of different factors and linkages between variables across various industries may be precluded ([Jung et al., 2003](#)).

Further possibilities for field experts and academia to conduct future research on leadership, creativity and innovation are suggested as follows. The multi-level framework based on the currently presented in this study could be extended by considering how different leadership styles impact creativity at different levels such as departmental level or group and team level. Furthermore, qualitative component should be attempted to supplement the findings of quantitative methods by conducting in-depth interviews with leaders and employees regarding the innovation in their organisations, the creative level of employees as well as how employees perceive the leadership style that their leader demonstrates. Ultimately, the proposed mediated model of this study is validated and replicated through surveying different industries and research settings, which reinforces the generalisation and reliability of findings.

### 9. Conclusion

This empirical study is able to achieve its objectives and adds to the current body of research by filling the research gaps in leadership, creativity and innovation literature. Specifically, it affirmed and expanded the understanding of the relationships between leadership styles and organisational innovation on organisational methods using the sample of employees working in Vietnamese public coffee enterprises. Overall, the majority of formulated hypotheses were supported and substantiated in the theoretical model, which demonstrated different impact of leadership styles on employee creativity and organisational innovation. Accordingly, organisational innovation is more likely to be fostered by the positive influence of innovative leadership behaviours and the improvement of employee creativity. A thorough understanding of the mechanisms underlying the impact of leadership styles on organisational innovation provides organisations on a strategic basis with insights into the adaptive changes of leadership behaviours and approaches. As the significant role of employee creativity as a mediator is highlighted in the leadership styles-organisational innovation relationships, it is essential for organisations to establish a favourable and beneficial working environment by encouraging more involvements and active participations of employees in establishing organisational goals, operational budgets and performance standards to promote their creativity.



## References

- Agolla, J.E. and Lill, J.V. (2013), "Public sector innovation drivers: a process model", *Journal of Social Sciences*, Vol. 34 No. 2, pp. 165-176.
- Alarifi, S. (2014), *The Effects of Transformational Leadership on Followers' Creativity and Innovation*, Doctoral dissertation, Brunel University London.
- Allen, M.R., Adomdza, G.K. and Meyer, M.H. (2015), "Managing for innovation: managerial control and employee level outcomes", *Journal of Business Research*, Vol. 68 No. 2, pp. 371-379.
- Amabile, T.M. (1988), "A model of creativity and innovation in organisations", in Staw, B.M. and Cummings, L.L. (Eds), *Research in Organisational Behavior*, JAI Press, Greenwich, Vol. 10, pp. 123-167.
- Amabile, T.M., Schatzel, E.A., Moneta, G.B. and Kramer, S.J. (2004), "Leader behaviors and the work environment for creativity: perceived leader support", *The Leadership Quarterly*, Vol. 15 No. 1, pp. 5-32.
- Andersen, J.A. (2010), "Public versus private managers: how public and private managers differ in leadership behavior", *Public Administration Review*, Vol. 70 No. 1, pp. 131-141.
- Anderson, N., Potočník, K. and Zhou, J. (2014), "Innovation and creativity in organisations: a state-of-the-science review, prospective commentary, and guiding framework", *Journal of Management*, Vol. 40 No. 5, pp. 1297-1333.
- Anh, P.T.T. (2014), "Characteristics of innovation in Vietnamese firms: an exploratory research", *Journal of Economics and Development*, Vol. 16 No. 3, pp. 82-95.
- Aragon-Correa, J.A., Garcia-Morales, V.J. and Cordon-Pozo, E. (2007), "Leadership and organisational learning's role on innovation and performance: lessons from Spain", *Industrial Marketing Management*, Vol. 36 No. 3, pp. 349-359.
- Armbruster, H., Bikfalvi, A., Kinkel, S. and Lay, G. (2008), "Organizational innovation: the challenge of measuring non-technical innovation in large-scale surveys", *Technovation*, Vol. 28 No. 10, pp. 644-657.
- Avermaete, T., Viaene, J., Morgan, E.J. and Crawford, N. (2003), "Determinants of innovation in small food firms", *European Journal of Innovation Management*, Vol. 6 No. 1, pp. 8-17.
- Avolio, B.J. and Bass, B.M. (2004), *MLQ Multifactor Leadership Questionnaire: Manual and Sample Set*, 3rd ed., Mind Garden Inc, Redwood City, California, CA.
- Baer, M. (2012), "Putting creativity to work: the implementation of creative ideas in organisations", *Academy of Management Journal*, Vol. 55 No. 5, pp. 1102-1119.
- Bass, B.M. (1985), *Leadership and Performance beyond Expectations*, The Free Press, New York, NY.
- Bass, B.M. and Avolio, B.J. (1993), "Transformational leadership: a response to critiques", in Chemers, M.M. and Ayman, R. (Eds), *Leadership Theory and Research: Perspectives and Directions*, Academic Press, San Diego, California, CA, pp. 49-80.
- Bass, B.M. and Riggio, R.E. (2006), *Transformational Leadership*, L. I Lawrence Erlbaum, Mahwah, New Jersey, NJ.
- Bass, B.M., Avolio, B.J., Jung, D.I. and Berson, Y. (2003), "Predicting unit performance by assessing transformational and transactional leadership", *Journal of Applied Psychology*, Vol. 88 No. 2, pp. 207-218.
- Battisti, G. and Stoneman, P. (2010), "How innovative are UK firms? Evidence from the fourth UK community innovation survey on synergies between technological and organizational innovations", *British Journal of Management*, Vol. 21 No. 1, pp. 187-206.
- Belloc, F. (2014), "Innovation in state-owned enterprises: reconsidering the conventional wisdom", *Journal of Economic Issues*, Vol. 48 No. 3, pp. 821-848.

- 
- Bledow, R., Frese, M. and Mueller, V. (2011), "Ambidextrous leadership for innovation: the influence of culture", in Mobley, W.H., Li, M. and Wang, Y. (Eds), *Advances in Global Leadership*, Emerald Group Publishing, pp. 41-69.
- Boerner, S., Eisenbeiss, S.A. and Griesser, D. (2007), "Follower behaviour and organisational performance: the impact of transformational leaders", *Journal of Leadership and Organisational Studies*, Vol. 13 No. 3, pp. 15-26.
- Bolin, M. and Härenstam, A. (2008), "An empirical study of bureaucratic and post-bureaucratic characteristics in 90 workplaces", *Economic and Industrial Democracy*, Vol. 29 No. 4, pp. 541-564.
- Botelho, C. (2020), "The influence of organizational culture and HRM on building innovative capability", *International Journal of Productivity and Performance Management*, Vol. 69 No. 7, pp. 1373-1393.
- Budhwar, P.S., Varma, A. and Patel, C. (2016), "Convergence-divergence of HRM in the Asia-Pacific: context-specific analysis and future research agenda", *Human Resource Management Review*, Vol. 26 No. 4, pp. 311-326.
- Burns, J.M. (1978), *Leadership*, Harper and Row, New York, NY.
- Bushra, F., Ahmad, U. and Naveed, A. (2011), "Effect of transformational leadership on employees' job satisfaction and organisational commitment in banking sector of Lahore (Pakistan)", *International Journal of Business and Social Science*, Vol. 2 No. 18, pp. 261-267.
- Camisón, C. and Villar-López, A. (2011), "Non-technical innovation: organizational memory and learning capabilities as antecedent factors with effects on sustained competitive advantage", *Industrial Marketing Management*, Vol. 40 No. 8, pp. 1294-1304.
- Camisón, C. and Villar-López, A. (2014), "Organisational innovation as an enabler of technological innovation capabilities and firm performance", *Journal of Business Research*, Vol. 67 No. 1, pp. 2891-2902.
- Chang, Y.Y., Chang, C.Y. and Chen, C.W. (2017), "Transformational leadership and corporate entrepreneurship", *Leadership and Organization Development Journal*, Vol. 38 No. 6, pp. 812-833.
- Chen, A.S.Y. and Hou, Y.H. (2016), "The effects of ethical leadership, voice behavior and climates for innovation on creativity: a moderated mediation examination", *The Leadership Quarterly*, Vol. 27 No. 1, pp. 1-13.
- Chen, C., Huang, J. and Hsiao, Y. (2010), "Knowledge management and innovativeness: the role of organizational climate and structure", *International Journal of Manpower*, Vol. 31 No. 8, pp. 848-870.
- Chen, L., Zheng, W., Yang, B. and Bai, S. (2016), "Transformational leadership, social capital and organizational innovation", *Leadership and Organization Development Journal*, Vol. 37 No. 7, pp. 843-859.
- Cheung, M.F. and Wong, C.S. (2011), "Transformational leadership, leader support, and employee creativity", *Leadership and Organisation Development Journal*, Vol. 32 No. 7, pp. 656-672.
- Chi, N.W. and Pan, S.Y. (2012), "A multilevel investigation of missing links between transformational leadership and task performance: the mediating roles of perceived person-job fit and person-organisation fit", *Journal of Business and Psychology*, Vol. 27 No. 1, pp. 43-56.
- Church, A.H. and Wacławski, J. (1998), "The relationship between individual personality orientation and executive leadership behaviour", *Journal of Occupational and Organisational Psychology*, Vol. 71 No. 2, pp. 99-125.
- CIEM, DoE and GSO (2012), *Firm-level Competitiveness and Technology in Vietnam: Evidence from a Survey in 2011*, Ministry of Planning and Investment (MPI), Hanoi.
- Colquitt, J.A. and Zapata-Phelan, C.P. (2007), "Trends in theory building and theory testing: a five-decade study of the academy of management journal", *Academy of Management Journal*, Vol. 50 No. 6, pp. 1281-1303.

- 
- Crossan, M.M. and Apaydin, M. (2010), "A multi-dimensional framework of organisational innovation: a systematic review of the literature", *Journal of Management Studies*, Vol. 47 No. 6, pp. 1154-1191.
- Damanpour, F. and Aravind, D. (2012), "Managerial innovation: conceptions, processes, and antecedents", *Management and Organisation Review*, Vol. 8 No. 2, pp. 423-454.
- Damanpour, F. and Evan, W. (1984), "Organisational innovation and performance: the problem of 'organisational lag'", *Administrative Science Quarterly*, Vol. 29 No. 3, pp. 392-409.
- Damanpour, F. and Schneider, M. (2006), "Phases of the adoption of innovation in organizations: effects of environment, organization and top managers", *British Journal of Management*, Vol. 17 No. 3, pp. 215-236.
- Damanpour, F. and Wischnevsky, J.D. (2006), "Research on innovation in organizations: distinguishing innovation-generating from innovation-adopting organizations", *Journal of Engineering and Technology Management*, Vol. 23 No. 4, pp. 269-291.
- Deichmann, D. and Stam, D. (2015), "Leveraging transformational and transactional leadership to cultivate the generation of organization-focused ideas", *The Leadership Quarterly*, Vol. 26 No. 2, pp. 204-219.
- Derecskei, A. (2016), "How do leadership styles influence the creativity of employees?", *Society and Economy. In Central and Eastern Europe/Journal of the Corvinus University of Budapest*, Vol. 38 No. 1, pp. 103-118.
- Dess, G.G. and Picken, J.C. (2001), "Changing roles: leadership in the 21st century", *Organisational Dynamics*, Vol. 28 No. 3, pp. 18-34.
- Ebrahimi, P., Moosavi, S.M. and Chirani, E. (2016), "Relationship between leadership styles and organisational performance by considering innovation in manufacturing companies of Guilan province", *Procedia-Social and Behavioural Sciences*, Vol. 230 No. 2016, pp. 351-358.
- Elrehail, H., Emeagwali, O.L., Alsaad, A. and Alzghoul, A. (2018), "The impact of transformational and authentic leadership on innovation in higher education: the contingent role of knowledge sharing", *Telematics and Informatics*, Vol. 35 No. 1, pp. 55-67.
- Escrig, E.D., Broch, F.F.M., Gómez, R.C. and Alcamí, R.L. (2016), "How does altruistic leader behavior foster radical innovation? The mediating effect of organizational learning capability", *Leadership and Organization Development Journal*, Vol. 37 No. 8, pp. 1056-1082.
- Fernandez, S., Cho, Y.J. and Perry, J.L. (2010), "Exploring the link between integrated leadership and public sector performance", *The Leadership Quarterly*, Vol. 21 No. 2, pp. 308-323.
- Florio, M. (2014), "Contemporary public enterprises: innovation, accountability, governance", *Journal of Economic Policy Reform*, Vol. 17 No. 3, pp. 201-208.
- Forés, B. and Camisón, C. (2016), "Does incremental and radical innovation performance depend on different types of knowledge accumulation capabilities and organizational size?", *Journal of Business Research*, Vol. 69 No. 2, pp. 831-848.
- Ganter, A. and Hecker, A. (2014), "Configurational paths to organisational innovation: qualitative comparative analyses of antecedents and contingencies", *Journal of Business Research*, Vol. 67 No. 6, pp. 1285-1292.
- García-Morales, V.J., Jiménez-Barrionuevo, M.M. and Gutiérrez-Gutiérrez, L. (2012), "Transformational leadership influence on organizational performance through organizational learning and innovation", *Journal of Business Research*, Vol. 65 No. 7, pp. 1040-1050.
- Gumusluoglu, L. and Ilsey, A. (2009), "Transformational leadership, creativity, and organisational innovation", *Journal of Business Research*, Vol. 62 No. 4, pp. 461-473.
- Gupta, V., Singh, S., Kumar, S. and Bhattacharya, A. (2012), "Linking leadership to employee creativity: a study of Indian R&D laboratories", *Indian Journal of Industrial Relations*, Vol. 48 No. 1, pp. 120-136.
- Hai, N.T. (2016), "Strategic management in Vietnam state-owned enterprises (SOE)", *International Journal of Business and Management*, Vol. 11 No. 2, pp. 197-204.

- 
- Hammond, M.M., Neff, N.L., Farr, J.L., Schwall, A.R. and Zhao, X. (2011), "Predictors of individual level innovation at work: a meta-analysis", *Psychology of Aesthetics, Creativity, and the Arts*, Vol. 5 No. 1, pp. 90-105.
- Henker, N., Sonnentag, S. and Unger, D. (2015), "Transformational leadership and employee creativity: the mediating role of promotion focus and creative process engagement", *Journal of Business and Psychology*, Vol. 30 No. 2, pp. 235-247.
- Herrmann, D. and Felfe, J. (2013), "Moderators of the relationship between leadership style and employee creativity: the role of task novelty and personal initiative", *Creativity Research Journal*, Vol. 25 No. 2, pp. 172-181.
- Hervas-Oliver, J.-L. and Sempere-Ripoll, F. (2015), "Disentangling the influence of technological process and product innovations", *Journal of Business Research*, Vol. 68 No. 1, pp. 109-118.
- Hirst, G., Van Knippenberg, D., Chen, C.H. and Sacramento, C.A. (2011), "How does bureaucracy impact individual creativity? A cross-level investigation of team contextual influences on goal orientation-creativity relationships", *Academy of Management Journal*, Vol. 54 No. 3, pp. 624-641.
- Hoang, G., Wilson-Evered, E. and Lockstone-Binney, L. (2019), "Leading innovation among tourism small and medium enterprises: examining the mediating role of climate for innovation", *Leadership and Organization Development Journal*, Vol. 40 No. 5, pp. 647-666.
- Hoang, G., Wilson-Evered, E. and Lockstone-Binney, L. (2021), "Leaders influencing innovation: a qualitative study exploring the role of leadership and organizational climate in Vietnamese tourism SMEs", *Employee Relations*, Vol. 43 No. 2, pp. 416-437.
- Holten, A.L. and Brenner, S.O. (2015), "Leadership style and the process of organisational change", *Leadership and Organisation Development Journal*, Vol. 36 No. 1, pp. 2-16.
- Hon, A.H. (2013), "Does job creativity requirement improve service performance? A multilevel analysis of work stress and service environment", *International Journal of Hospitality Management*, Vol. 35 No. 2013, pp. 161-170.
- Houghton, J.D. and DiLiello, T.C. (2010), "Leadership development: the key to unlocking individual creativity in organisations", *Leadership and Organisation Development Journal*, Vol. 31 No. 3, pp. 230-245.
- Howell, J.M. and Avolio, B.J. (1993), "Transformational leadership, transactional leadership, locus of control, and support for innovation: key predictors of consolidated-business-unit performance", *Journal of Applied Psychology*, Vol. 78 No. 6, pp. 891-902.
- Howell, J.M. and Higgins, C.A. (1990), "Champions of technological innovation", *Administrative Science Quarterly*, Vol. 35 No. 2, pp. 317-341.
- Hughes, D.J., Lee, A., Tian, A.W., Newman, A. and Legood, A. (2018), "Leadership, creativity, and innovation: a critical review and practical recommendations", *The Leadership Quarterly*, Vol. 29 No. 5, pp. 549-569.
- Ibbotson, P. and Darsø, L. (2008), "Directing creativity: the art and craft of creative leadership", *Journal of Management and Organization*, Vol. 14 No. 5, pp. 548-559.
- Ismail, H.N., Iqbal, A. and Nasr, L. (2019), "Employee engagement and job performance in Lebanon: the mediating role of creativity", *International Journal of Productivity and Performance Management*, Vol. 68 No. 3, pp. 506-523.
- İşcan, Ö.F., Ersarı, G. and Naktiyok, A. (2014), "Effect of leadership style on perceived organizational performance and innovation: the role of transformational leadership beyond the impact of transactional leadership-An application among Turkish SME's", *Procedia-Social and Behavioural Sciences*, Vol. 150 No. 2014, pp. 881-889.
- Jaiswal, N.K. and Dhar, R.L. (2015), "Transformational leadership, innovation climate, creative self-efficacy and employee creativity: a multilevel study", *International Journal of Hospitality Management*, Vol. 51 No. 2015, pp. 30-41.

- 
- Janeiro, P., Proença, I. and da Conceição Gonçalves, V. (2013), "Open innovation: factors explaining universities as service firm innovation sources", *Journal of Business Research*, Vol. 66 No. 10, pp. 2017-2023.
- Judge, T.A. and Piccolo, R.F. (2004), "Transformational and transactional leadership: a meta-analytic test of their relative validity", *Journal of Applied Psychology*, Vol. 89, pp. 755-768, doi: [10.1037/0021-9010.89.5.755](https://doi.org/10.1037/0021-9010.89.5.755).
- Jung, D.I. (2001), "Transformational and transactional leadership and their effects on creativity in groups", *Creativity Research Journal*, Vol. 13 No. 2, 1, pp. 85-195.
- Jung, D.I. and Avolio, B.J. (2000), "Opening the black box: an experimental investigation of the mediating effects of trust and value congruence on transformational and transactional leadership", *Journal of Organizational Behavior*, Vol. 21 No. 8, pp. 949-964.
- Jung, D.I., Chow, C. and Wu, A. (2003), "The role of transformational leadership in enhancing organisational innovation: hypotheses and some preliminary findings", *The Leadership Quarterly*, Vol. 14 No. 4, pp. 525-544.
- Karatepe, O.M., Aboramadan, M. and Dahleez, K.A. (2020), "Does climate for creativity mediate the impact of servant leadership on management innovation and innovative behavior in the hotel industry?", *International Journal of Contemporary Hospitality Management*, Vol. 32 No. 8, pp. 2497-2517.
- Kark, R. and Van Dijk, D. (2007), "Motivation to lead, motivation to follow: the role of the self-regulatory focus in leadership processes", *Academy of Management Review*, Vol. 32 No. 2, pp. 500-528.
- Kassotaki, O. (2019), "Explaining ambidextrous leadership in the aerospace and defense organizations", *European Management Journal*, Vol. 37 No. 5, pp. 552-563.
- Kim, J.G. and Lee, S.Y. (2011), "Effects of transformational and transactional leadership on employees' creative behaviour: mediating effects of work motivation and job satisfaction", *Asian Journal of Technology Innovation*, Vol. 19 No. 2, pp. 233-247.
- Kirkbride, P. (2006), "Developing transformational leaders: the full range leadership model in action", *Industrial and Commercial Training*, Vol. 38 No. 1, pp. 23-32.
- Kong, M., Xu, H., Zhou, A. and Yuan, Y. (2019), "Implicit followership theory to employee creativity: the roles of leader-member exchange, self-efficacy and intrinsic motivation", *Journal of Management and Organization*, Vol. 25 No. 1, pp. 81-95.
- Krause, D.E. (2004), "Influence-based leadership as a determinant of the inclination to innovate and of innovation-related behaviors: an empirical investigation", *The Leadership Quarterly*, Vol. 15 No. 1, pp. 79-102.
- Kunz, W., Schmitt, B. and Meyer, A. (2011), "How does perceived firm innovativeness affect the consumer?", *Journal of Business Research*, Vol. 64 No. 8, pp. 816-822.
- Le, P.B. (2020), "How transformational leadership facilitates radical and incremental innovation: the mediating role of individual psychological capital", *Asia-Pacific Journal of Business Administration*, Vol. 12 Nos 3/4, pp. 205-222.
- Lee, J. (2008), "Effects of leadership and leader-member exchange on innovativeness", *Journal of Managerial Psychology*, Vol. 23 No. 6, pp. 670-687.
- Le, P.B. and Lei, H. (2019), "Determinants of innovation capability: the roles of transformational leadership, knowledge sharing and perceived organizational support", *Journal of Knowledge Management*, Vol. 23 No. 3, pp. 527-547.
- Li, P.P., Bai, Y. and Xi, Y. (2012), "The contextual antecedents of organisational trust: a multidimensional cross-level analysis", *Management and Organisation Review*, Vol. 8 No. 2, pp. 371-396.
- Luu, T.T. (2012), "From unbalanced to balanced: performance measures in a Vietnamese hospital", *Leadership in Health Services*, Vol. 25 No. 4, pp. 288-305.

- Luu, T.T., Rowley, C., Dinh, C.K., Qian, D. and Le, H.Q. (2019), "Team creativity in public healthcare organizations: the roles of charismatic leadership, team job crafting, and collective public service motivation", *Public Performance and Management Review*, Vol. 42 No. 6, pp. 1448-1480.
- Makri, M. and Scandura, T.A. (2010), "Exploring the effects of creative CEO leadership on innovation in high-technology firms", *The Leadership Quarterly*, Vol. 21 No. 1, pp. 75-88.
- Mathew, A. and Rakesh, S. (2016), "Transformational leadership: an investigation of Bass's model in the context of Indian professionals", *International Journal of Human Resources Development and Management*, Vol. 16 Nos 1/2, pp. 18-29.
- Matzler, K., Schwarz, E., Deutinger, N. and Harms, R. (2008), "The relationship between transformational leadership, product innovation and performance in SMEs", *Journal of Small Business and Entrepreneurship*, Vol. 21 No. 2, pp. 139-151.
- Minh-Duc, L. and Huu-Lam, N. (2019), "Transformational leadership, customer citizenship behavior, employee intrinsic motivation, and employee creativity", *Journal of Asian Business and Economic Studies*, Vol. 26 No. 2, pp. 286-300.
- Mittal, S. and Dhar, R.L. (2015), "Transformational leadership and employee creativity: mediating role of creative self-efficacy and moderating role of knowledge sharing", *Management Decision*, Vol. 53 No. 5, pp. 894-910.
- Mohabbat, M.K. and Shahriar, M.I. (2014), "Public sector leadership development in Bangladesh: present state and future prospect", *The International Journal of Leadership in Public Services*, Vol. 10 No. 1, pp. 17-30.
- Mokhber, M., Khairuzzaman, W. and Vakilbashi, A. (2018), "Leadership and innovation: the moderator role of organization support for innovative behaviors", *Journal of Management and Organization*, Vol. 24 No. 1, pp. 108-128.
- Moss, S.A. and Ritossa, D.A. (2007), "The impact of goal orientation on the association between leadership style and follower performance, creativity and work attitudes", *Leadership*, Vol. 3 No. 4, pp. 433-456.
- Müceldili, B., Turan, H. and Erdil, O. (2013), "The influence of authentic leadership on creativity and innovativeness", *Procedia-Social and Behavioural Sciences*, Vol. 99, pp. 673-681.
- Muchiri, M.K., Cooksey, R.W. and Walumbwa, F.O. (2012), "Transformational and social processes of leadership as predictors of organisational outcomes", *Leadership and Organisation Development Journal*, Vol. 33 No. 7, pp. 662-683.
- Muenjohn, N., Ishikawa, J., Muenjohn, P., Memon, M.A. and Ting, H. (2021), "The effect of innovation and leadership on performance in China and Vietnam", *Asia Pacific Business Review*, Vol. 27 No. 1, pp. 101-110.
- Nelson, S.A. and Shraim, O. (2014), "Leadership Behaviour and employee engagement: a Kuwaiti services company", *International Journal of Human Resources Development and Management*, Vol. 14 Nos 1/2/3, pp. 119-135.
- Newman, A., Herman, H.M., Schwarz, G. and Nielsen, I. (2018), "The effects of employees' creative self-efficacy on innovative behavior: the role of entrepreneurial leadership", *Journal of Business Research*, Vol. 89 No. 2018, pp. 1-9.
- Ngoc-Tan, N. and Gregar, A. (2018), "Impacts of knowledge management on innovations in higher education institutions: an empirical evidence from Vietnam", *Economics and Sociology*, Vol. 11 No. 3, pp. 301-320.
- Nguyen, V.H. (2014), *Phát Triển Cà Phê Bền Vững Trên Địa Bàn Tỉnh Đắk Lắk (Sustainable Development of Coffee in Dak Lak)*, Doctoral dissertation, Hue College of Economics, Hue University, Vietnam, iavailable at: [http://hueuni.edu.vn/sdh/attachments/article/944/2.NguyenVanHoa\\_NoiDung.pdf](http://hueuni.edu.vn/sdh/attachments/article/944/2.NguyenVanHoa_NoiDung.pdf).
- Nguyen, N.T. and Hooi, L.W. (2020), "Relationship between leadership styles, employee creativity and organisational innovation: a proposed framework", *International Journal of Business Innovation and Research*, Vol. 22 No. 1, pp. 23-46.



- 
- Nguyen, T.T.N. and Luu, T.M.N. (2019), "Linking transformational leadership and organizational performance: an empirical investigation of manufacturing firms in Vietnam", *Economics and Sociology*, Vol. 12 No. 2, pp. 170-191.
- Nguyen, A., Nguyen, M. and Doan, H. (2013), "The Viet Nam national innovation system: a diagnostic review", *Tech Monitor* Nos Apr-Jun 2013, pp. 42-52.
- Nguyen, D.T.N., Teo, S.T. and Ho, M. (2018), "Development of human resource management in Vietnam: a semantic analysis", *Asia Pacific Journal of Management*, Vol. 35 No. 1, pp. 241-284.
- OECD (2005), *The Measurement of Scientific and Technological Activities Oslo Manual. Guidelines for Collecting and Interpreting Innovation Data*, 3rd ed., OECD EUROSTAT, Paris.
- OECD (2013), *Vietnam: Innovation Profile, Innovation in Southeast Asia*, OECD Publishing, Paris, pp. 281-305.
- Oke, A., Munshi, N. and Walumbwa, F.O. (2009), "The influence of leadership on innovation processes and activities", *Organisational Dynamics*, Vol. 38 No. 1, pp. 64-72.
- Oldham, G.R. and Cummings, A. (1996), "Employee creativity: personal and contextual factors at work", *Academy of Management Journal*, Vol. 39, pp. 607-634.
- Phong, L.B. and Son, T.T. (2020), "The link between transformational leadership and knowledge sharing: mediating role of distributive, procedural and interactional justice", *Journal of Information Knowledge Management*, Vol. 19 No. 3, pp. 1-19.
- Phuong, T.H. and Takahashi, K. (2021), "The impact of authentic leadership on employee creativity in Vietnam: a mediating effect of psychological contract and moderating effects of subcultures", *Asia Pacific Business Review*, Vol. 27 No. 1, pp. 77-100.
- Pieterse, A.N., Van Knippenberg, D., Schippers, M. and Stam, D. (2010), "Transformational and transactional leadership and innovative behaviour: the moderating role of psychological empowerment", *Journal of Organisational Behaviour*, Vol. 31 No. 4, pp. 609-623.
- Prasad, B. and Junni, P. (2016), "CEO transformational and transactional leadership and organisational innovation: the moderating role of environmental dynamism", *Management Decision*, Vol. 54 No. 7, pp. 1542-1568.
- Rowold, J. and Heinitz, K. (2007), "Transformational and charismatic leadership: assessing the convergent, divergent and criterion validity of the MLQ and the CKS", *The Leadership Quarterly*, Vol. 18 No. 2, pp. 121-133.
- Saad, M., Shamsuri, M. and Mazzarol, T. (2010), "The impact of leadership on organisational innovation performance among Malaysia's multimedia super corridor (MSC) SME", *Paper presented at the International Conference on Applied Business Research (ICABR)*, UAE, Ras Al Khaimah.
- Sadegh Sharifirad, M. and Ataei, V. (2012), "Organizational culture and innovation culture: exploring the relationships between constructs", *Leadership and Organization Development Journal*, Vol. 33 No. 5, pp. 494-517.
- Sarros, J.C., Cooper, B.K. and Santora, J.C. (2008), "Building a climate for innovation through transformational leadership and organisational culture", *Journal of Leadership and Organisational Studies*, Vol. 15 No. 2, pp. 145-158.
- Schuckert, M., Kim, T.T., Paek, S. and Lee, G. (2018), "Motivate to innovate: how authentic and transformational leaders influence employees' psychological capital and service innovation Impact of servant leadership 2515 behavior", *International Journal of Contemporary Hospitality Management*, Vol. 30 No. 2, pp. 776-796.
- Schweitzer, J. (2014), "Leadership and innovation capability development in strategic alliances", *Leadership and Organization Development Journal*, Vol. 35 No. 5, pp. 442-469.
- Shalley, C.E. and Gilson, L.L. (2004), "What leaders need to know: a review of social and contextual factors that can foster or hinder creativity", *The Leadership Quarterly*, Vol. 15 No. 1, pp. 33-53.

- 
- Sharifirad, M.S. and Ataei, V. (2012), "Organisational culture and innovation culture: exploring the relationships between constructs", *Leadership and Organisation Development Journal*, Vol. 33 No. 5, pp. 494-517.
- Shin, S.J. and Zhou, J. (2003), "Transformational leadership, conservation, and creativity: evidence from Korea", *Academy of Management Journal*, Vol. 46 No. 6, pp. 703-714.
- Shin, S.J. and Zhou, J. (2007), "When is educational specialization heterogeneity related to creativity in research and development teams? Transformational leadership as a moderator", *Journal of Applied Psychology*, Vol. 92 No. 6, pp. 1709-1721.
- Si, S. and Wei, F. (2012), "Transformational and transactional leaderships, empowerment climate, and innovation performance: a multilevel analysis in the Chinese context", *European Journal of Work and Organisational Psychology*, Vol. 21 No. 2, pp. 299-320.
- Skogstad, A., Einarsen, S., Torsheim, T., Aasland, M.S. and Hetland, H. (2007), "The destructiveness of laissez-faire leadership behavior", *Journal of Occupational Health Psychology*, Vol. 12 No. 1, pp. 80-92.
- Son, T.T., Phong, L.B. and Loan, B.T.T. (2020), "Transformational leadership and knowledge sharing: determinants of firm's operational and financial performance", *Sage Open*, Vol. 10 No. 2, pp. 1-13.
- Stan, C.V., Peng, M.W. and Bruton, G.D. (2014), "Slack and the performance of state-owned enterprises", *Asia Pacific Journal of Management*, Vol. 31 No. 2, pp. 473-495.
- Thanh, B.T. (2020), "Leader knowledge sharing behavior and follower creativity: the role of follower acquired knowledge and prosocial motivation", *Journal of Workplace Learning*, Vol. 32 No. 6, pp. 457-471.
- Thatcher, S.M. and Brown, S.A. (2010), "Individual creativity in teams: the importance of communication media mix", *Decision Support Systems*, Vol. 49 No. 3, pp. 290-300.
- Tho, N.D., Nakandala, D. and Lan, Y.C. (2020), "Team innovation in retail services: the role of ambidextrous leadership and team learning", *Service Business*, Vol. 14 No. 1, pp. 167-186.
- Tierney, P., Farmer, S.M. and Graen, G.B. (1999), "An examination of leadership and employee creativity: the relevance of traits and relationships", *Personnel Psychology*, Vol. 52 No. 3, pp. 591-620.
- Tonurist, P. and Karo, E. (2016), "State owned enterprises as instruments of innovation policy", *Annals of Public and Cooperative Economics*, Vol. 87 No. 4, pp. 623-648.
- Tran, D.M., Fallon, W. and Vickers, M.H. (2016), "Leadership in Vietnamese state owned enterprises (SOEs) : exploring multi-stakeholder perceptions - a qualitative study", *Asia-Pacific Journal of Business Administration*, Vol. 8 No. 1, pp. 21-36.
- Tung, F.C. and Yu, T.W. (2016), "Does innovation leadership enhance creativity in high-tech industries?", *Leadership and Organisation Development Journal*, Vol. 37 No. 5, pp. 579-592.
- Vaccaro, I.G., Jansen, J.J., Van Den Bosch, F.A. and Volberda, H.W. (2012), "Management innovation and leadership: the moderating role of organisational size", *Journal of Management Studies*, Vol. 49 No. 1, pp. 28-51.
- Van Minh, N., Badir, Y.F., Quang, N.N. and Afsar, B. (2017), "The impact of leaders' technical competence on employees' innovation and learning", *Journal of Engineering and Technology Management*, Vol. 44 No. 2017, pp. 44-57.
- Vietnam Trade Promotion Agency (Vietrade) (2017), *Thị trường cà phê Việt Nam năm 2017 qua các con số - Phần 1 (The coffee market in Vietnam in 2017 - statistical figures)*, Vietnam Trade Promotion Agency, (September 26, 2020), available at: <http://www.vietrade.gov.vn/tin-tuc/thi-truong-ca-phe-viet-nam-nam-2017-qua-cac-con-so-phan-1>.
- Wang, A.C. and Cheng, B.S. (2010), "When does benevolent leadership lead to creativity? The moderating role of creative role identity and job autonomy", *Journal of Organisational Behavior*, Vol. 31 No. 1, pp. 106-121.

- Wang, X.H. and Howell, J.M. (2010), "Exploring the dual-level effects of transformational leadership on followers", *Journal of Applied Psychology*, Vol. 95 No. 6, pp. 1134-1144.
- Wang, P. and Zhu, W. (2010), "Mediating role of creative identity in the influence of transformational leadership on creativity: is there a multilevel effect?", *Journal of Leadership and Organizational Studies*, Vol. 18 No. 1, pp. 25-39.
- Wang, P., Rode, J.C., Shi, K., Luo, Z. and Chen, W. (2013), "A workgroup climate perspective on the relationships among transformational leadership, workgroup diversity, and employee creativity", *Group and Organisation Management*, Vol. 38 No. 3, pp. 334-360.
- Wei, F., Yuan, X. and Di, Y. (2010), "Effects of transactional leadership, psychological empowerment and empowerment climate on creative performance of subordinates: a cross-level study", *Frontiers of Business Research in China*, Vol. 4 No. 1, pp. 29-46.
- Willaby, H.W., Costa, D.S., Burns, B.D., MacCann, C. and Roberts, R.D. (2015), "Testing complex models with small sample sizes: a historical overview and empirical demonstration of what partial least squares (PLS) can offer differential psychology", *Personality and Individual Differences*, Vol. 84 No. 2015, pp. 73-78.
- Wischnevsky, J.D., Damanpour, F. and Méndez, F.A. (2011), "Influence of environmental factors and prior changes on the organisational adoption of changes in products and in technological and administrative processes", *British Journal of Management*, Vol. 22 No. 1, pp. 132-149.
- Wong, S.K.S. (2013), "The role of management involvement in innovation", *Management Decision*, Vol. 51 No. 4, pp. 709-729.
- Zabkar, V. (2000), "Some methodological issues with structural equation model application in relationship quality context", *New Approaches in Applied Statistics*, Vol. 16 No. 1, pp. 211-226.
- Zacher, H., Robinson, A.J. and Rosing, K. (2016), "Ambidextrous leadership and employees' self-reported innovative performance: the role of exploration and exploitation behaviors", *The Journal of Creative Behavior*, Vol. 50 No. 1, pp. 24-46.
- Zacher, H. and Rosing, K. (2015), "Ambidextrous leadership and team innovation", *Leadership and Organization Development Journal*, Vol. 36 No. 1, pp. 54-68.
- Zaitouni, M. and Ouakouak, M.L. (2018), "The impacts of leadership support and coworker support on employee creative behavior", *International Journal of Productivity and Performance Management*, Vol. 67 No. 9, pp. 1745-1763.
- Zhang, X. and Bartol, K.M. (2010), "Linking empowering leadership and employee creativity: the influence of psychological empowerment, intrinsic motivation, and creative process engagement", *Academy of Management Journal*, Vol. 53 No. 1, pp. 107-128.
- Zhang, R., Rezaee, Z. and Zhu, J. (2010), "Corporate philanthropic disaster response and ownership type: evidence from Chinese firms' response to the Sichuan earthquake", *Journal of Business Ethics*, Vol. 91 No. 1, pp. 51-63.
- Zhou, J. and George, J.M. (2001), "When job dissatisfaction leads to creativity: encouraging the expression of voice", *Academy of Management Journal*, Vol. 44 No. 4, pp. 682-696.

### About the authors

Dr Nhat Tan Nguyen has completed his PhD in Business and Management, Nottingham University Business School, University of Nottingham. He holds a Bachelor Degree in External Economics from Foreign Trade University, Ho Chi Minh City, Vietnam, and got a Master of International Business from Latrobe University, Melbourne, Australia. He is also a Lecturer at Ho Chi Minh City University of Foreign Languages - Information Technology. His main research interest is in business management, specifically looking into the linkages between leadership behaviours, employee attitudes and organisational outcomes within the context of public and private enterprises. Nhat Tan Nguyen is the corresponding author and can be contacted at: [tan.nn@hufit.edu.vn](mailto:tan.nn@hufit.edu.vn)

Lai Wan Hooi is a distinguished Professor at the College of Management, Chang Jung Christian University. Her specialisation is in human capital management and organisational behaviour. Her research interests include human resource system/practices, dynamic capabilities, leadership, justice,

corporate citizenship behaviour, future jobs and competencies, cross-cultural management and business ethics. Her current research focuses on green HRM, coping capabilities, agile leadership and future jobs and competences. She leads a few international research projects.

Dr Mohan V. Avvari is an Associate Professor of Strategy and Innovation and Director of Research at the Nottingham University Business School (NUBS) in University of Nottingham Malaysia. His research interests are in the areas of Strategy and Innovation with Sustainability-oriented Strategies (CSR). He is particularly in collaboration or linkages firm developed with other organisations for Innovation and Sustainable Development/CSR.

---