

# Transformational Leadership, Creative Leadership, and Creative Performance

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**Abstract—The research is aimed to get an empirical support on the Influence of transformational leadership and creative leadership toward creative performance. This is an explanatory research by conducting surveys and interviews to all of respondents. The sample respondents were 350 staffs of Universitas Terbuka in all over Indonesia. The judgment purposive sampling method was employed in a specific criteria or consideration. The questionnaires were using 5 categories Likert scales. The categories, starting from the lowest to highest, were very disagree, disagree, moderate, agree and very agree. The data was analysed by Structural Equation Modeling (SEM) using LISREL software. The result of the study shows that transformational leadership was not significantly influenced the creative performance, so does the creative leadership. However, simultaneously, the transformational leadership and creative leadership significantly influence the creative performance.**

**Keywords:** *transformational leadership, creative leadership, creative performance*

## I. INTRODUCTION

The rapid business environment requires every business organization to innovate their product and service to meet the customer's need. No matter what kind of business it is, product and service innovation is critical. A company that is fail to offer innovative product or service will step backward or be bankrupt. In other words, the idea of product and service innovation become the source of competitive advantage and business opportunity. Then, innovation becomes an important tool to win the competition in the changing business environment [1].

Innovation becomes a key word for company's business organization's success, especially for service companies. In developed countries, services business contributes more than 70% GDP, and so do in developing countries. Jaiswal and Dhar, which depend on service sector. In short, service industry plays an important role to the country's economy. The success of service business depends on the innovation of the company [1].

Higher education is a service organization. To survive and develop, every university must be able to create value for their customer through service innovation. Through good service

innovation is expected to gain a broad market share. And with a wide market share, it can ultimately support the existence of higher education institution in the long term

Thus it can be said that to be able to maintain its competitive ability, every higher education institution must innovate. And one way to be able to innovate, every university must facilitate and develop creative and innovative behavior of its employees. Carmeli, Gelbard, and Reiter-Palmon stated that organizations must always look for ways to facilitate and enhance creative and innovative behavior among their employees [2]. Likewise, Gong, Huang, and Farh state that creativity is an important aspect so that organizations stay alive and have competitive abilities. Creativity is valuable to the organization because in a certain degree, creativity affects the performance of positions [3].

In various studies, employee creativity is related to leadership. According to Gong, Huang, and Farh [3], employee creativity will flourish if supervisors implement transformational leadership and when employees have a learning orientation. Transformational leadership is an effort to influence subordinates by expanding and raising the level of subordinates' objectives and giving subordinates the confidence to reach all expectations behind work agreements, both implicit and explicit.

Although there is no complete conclusion about the relationship between transformational leadership and employee's creativity, the previous study of transformational leadership and employee's creativity, Shin and Zhou in Gong, Huang, and Farh [3] found that transformational leadership and employee's creativity are positively related. In studies that is involving real practice, the relationship between managers and their employees show a positive influence between leadership and employee creativity. Ahmad, Abbas, Latif, and Rasheed [4] conducted a study of the relationship between transformational leadership and individual and organizational performance. The results of the study show that transformational leadership and charismatic leadership are important aspects of leadership that are related to individual and organizational performance.

Basically the arena of leadership studies has been going on for a very long time and it has been recognized that leadership

is a binder of organizational effectiveness [5]. And furthermore, experts incorporate aspects of creativity in the study of leadership which is an additional important dimension in leadership studies. Creative leadership energizes vision, the emergence of new ideas, the measurement of diversity of methods, and produces innovative output [5]. Creative leadership serves as a catalyst to drive beneficial change in an ecosystem through the enthusiasm of innovative change. This phenomenon of creative leadership synthesizes from the concept and construction of creativity and leadership

When we refer conventional theories of leaders and leadership, conventional theories emphasize their attention on physical, personal, or cognitive traits, behavioral styles, and special situations [6]. The leadership lacks alignment between the right nature and behavior with the right situation. Leadership needs to make efforts to involve other parties in the process of thinking together in more innovative ways. This is where the importance of effective leaders. Effective leaders recognize that individuals, teams, and organizations have different creativity in problem solving styles. An effective leader will help individuals and teams to coordinate and integrate their different styles through the application process of creativity which includes efforts to continually find and define new problems, solve problems, and implement new solutions [6].

Managing organizations through creative problem solving styles will allow for a significant influence on performance. In other words, creative leadership will affect the performance of individuals and organizations. Based on the description above, it can be stated that creativity is identified as a source of organizational innovation and is considered a key factor for the high performance of an organization's operations, both in an uncertain environment and a high competitive environment. The results of the study of experts show that important individual and contextual variables contribute to the creative performance of individuals. In this study, mediation of psychological processes, such as psychological freedom, sensitivity to opportunities for empowerment, and increased motivation to reach new goals, has been proposed. However, psychological mechanisms that explain the influence of individual and contextual factors on creativity have not been systematically investigated. This study seeks to identify and empirically test important psychological processes related to transformational leadership, creative leadership, and creative performance.

This paper will examine efforts to improve staff and organizational performance through the study of the relationship between transformational leadership variable, creative leadership, and creative performance.

## II. LITERATURE REVIEW

### A. Transformational Leadership and Creativity

Creativity means something new. Creativity refers to the production of new ideas or novels that are useful and require change and require behavior that (may) conflict with norms or something that has been established [2]. Various studies on

creativity have been carried out by experts. For example, George [7] conducted a study of creativity in organizations and in the workplace relating to the antecedents and causes of creative performance of individuals and teams in organizations. The results of the study indicate a paradoxical context that is embedded in all organizations. On the one hand, organizations need reliable predictability, control, and performance and depend on collective learning where solutions to problems become an organizational routine. On the other hand, organizations face dynamically changing environments, the nature of problems and opportunities that are always changing, so that it requires creative responses.

Recognizing how the work context can support or inhibit creativity, it is necessary to consider the issue of broader mechanisms where organizations need to balance the competitive pressures between collective learning, predictability, and control with a focus on creative responses to new problems and opportunities and dynamically changing environmental conditions. This is where the role of leader is needed. Leadership is important to guide and foster subordinate creativity [2]. The theory of transformational leadership was first introduced in 1978 by Burns. That theory, later refined by Bass and Avolio in the Year 1995 [8]. Transformational leadership has 4

components, namely charismatic role modeling, individual consideration, inspirational motivation, and intellectual stimulation. Through his charisma, a leader will generate a sense of admiration, respect, and loyalty, as well as stressing the importance of a shared sense of mission. Through individual consideration, a leader builds one-on-one relationships with his followers and builds understanding and consideration of different needs, skills and aspirations. Through inspirational motivation, a leader articulates his vision into the future, shows how his followers achieve their goals, and expresses his belief that followers can certainly achieve their goals. Meanwhile, through intellectual stimulation, a leader expands and heightens interest and stimulates the way of thinking of followers with newer ways of solving old problems. According to Gumusluoglu and Ilsev [8], the behavior of transformational leaders is closely attached to determinants of innovation and creativity in the workplace, such as vision, support for innovation, autonomy, recognition, and challenges.

### B. Creative Leadership and Team Performance

Creative leadership has an impact on a number of factors. The results of Rikards and Moger [9] show that team performance and creative leadership greatly contribute in relation to performance on team factors. These factors include: Platform of Understanding, Shared Vision, Climate, Resilience, Idea Owners, Network Activators, and Learning from Experience.

Elsewhere, Basadur [4], states that effective leaders will help individuals and teams to coordinate and integrate their different styles to drive change through the process of applying creativity which includes finding and defining solutions to new problems continuously and also implementing new solutions. Effective leaders recognize that individuals, teams and

organizations will differ in their creative problem solving styles. Creative leaders will help individuals and teams to coordinate and integrate their different styles through the process of applying creativity in solving the problems they face as well as implementing their latest solutions. That way, effective leadership will have a significant impact on the performance of individuals, teams and organizations.

Based on the literature review above, this paper wants to examine the effect of transformational leadership and creative leadership variables on creative performance

### III. METHODS

This study uses an explanatory design, namely an explanation of events or present circumstances (explanation) and events that will occur (prediction). The method of data collection is done through surveys and interviews on the object of the research sample. The study population was all UT employees. The research sample of 350 people was taken by the judgment purposive sampling method with certain consideration criteria. To determine the quality of the survey instruments used, the validity and reliability of the instruments were tested.

Data is measured using a 5-category Likert scale, from strongly disagreeing statements to strongly agreeing statements. Data were analyzed using Structural Equation Modeling (SEM) analysis techniques with LISREL software.

## IV. DISCUSSION

### A. Measurement Model Test

The phase in SEM analysis technique is the measurement model stage. The measurement model is used to measure the dimensions that make up a factor. Estimation technique used in SEM calculation is to use maximum likelihood. But before forming a full SEM model, firstly testing the factors that make up each variable is done. Testing is done by looking at the results of standardized regression weight in the Lisrel output table. If there is an estimating value of the indicators  $<0.5$ , then the indicator cannot describe the construct.

### B. Exogen Construct Measurement Model

The measurement model test results for the exogenous construct can be seen through the loading factor coefficient value of each indicator presented in Table 1. Table 1 shows that the loading factor ( $\lambda$ ) value for each manifest variable is greater 0.5. This means that each manifest variable is declared valid in forming an exogenous construct. Then the value of CR (construct reliability) must be above 0.7 and VE (variance extracted) must be above 0.5 already fulfilled, so it can be concluded that all exogenous constructs have good construct validity and reliability.

TABLE I. EXOGEN CONSTRUCT MEASUREMENT MODEL

Construct Exogen	Observed Variable	SLF	SLF <sup>2</sup>	Error	CR	VE
Transformational Leadership	Tr3	0.71	0.50	0.5	0.93	0.68
	Tr4	0.82	0.67	0.33		
	Tr5	0.89	0.79	0.2		
	Tr6	0.79	0.62	0.38		
	Tr7	0.84	0.71	0.29		
	Tr8	0.88	0.77	0.23		
Creative Leadership	Kre1	0.83	0.69	0.3	0.93	0.59
	Kre2	0.82	0.67	0.33		
	Kre3	0.82	0.67	0.32		
	Kre4	0.87	0.76	0.24		
	Kre5	0.79	0.62	0.37		
	Kre6	0.88	0.77	0.23		
	Kre7	0.78	0.61	0.39		

Source: Output Lisrel, Primary Data.

### C. Endogen Construct Measurement Model

The result of measurement model for endogen construct can be seen through loading factor coefficient for each indicator as seen in table 2.

TABLE II. ENDOGEN CONSTRUCT MEASUREMENT MODEL

Endogenous Construct	Observed Variable	SLF	SLF <sup>2</sup>	Error	CR	VE
Creative Performance	Kin1	0.84	0.71	0.3	0.93	0.77
	Kin2	0.91	0.83	0.18		
	Kin3	0.91	0.83	0.17		
	Kin4	0.84	0.71	0.29		

Source: Output Lisrel, Primary Data

Table 2 shows that the loading factor ( $\lambda$ ) value for each manifest variable is greater than 0.5. This means that each manifest variable is declared valid in forming an endogenous construct. Then the value of CR (construct reliability) must be above 0.7 and VE (variance extracted) must be above 0.5 already fulfilled, so it can be concluded that endogenous constructs have good construct validity and reliability.

#### D. Structural Model

This study applies an analysis with Structural Equation Modeling (SEM) as an effort to test hypotheses. The theoretical model in this study is described as a research model that aims to examine the influence of the hypothesized variables.

In SEM analysis, there are two methods of using data input matrix types, namely the variance / covariance matrix and the correlation matrix. This analysis will use covariance matrix input for further estimation. Covariance matrices are used because covariance matrices have the advantage of providing valid comparisons between populations or different samples, which is sometimes not possible using a correlation matrix model.

#### E. Structural Model Analysis

The result of SEM Analysis using Lisrel software can be seen in figure 1.

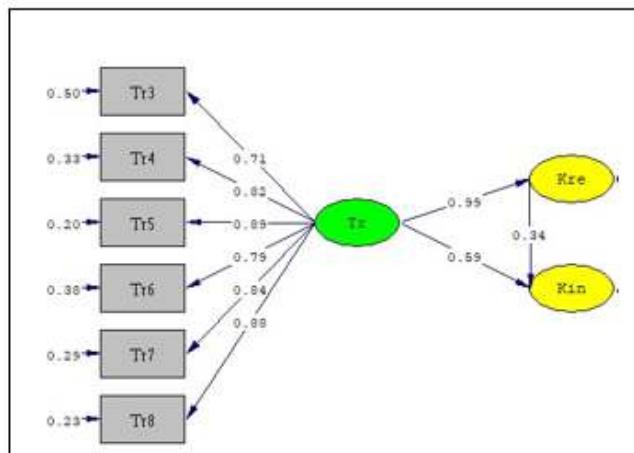


Fig. 1. Structural model path diagram.

Based on Figure 1, the structural equation as follows.

$$Kre = 0.99 * Tr, \text{ Errorvar.} = 0.027, R^2 = 0.97$$

$$\begin{array}{ll} (0.064) & (0.015) \\ 15.46 & 1.79 \end{array}$$

$$Kin = 0.34 * Kre + 0.59 * Tr, \text{ Errorvar.} = 0.14, R^2 = 0.86$$

$$\begin{array}{lll} (0.48) & (0.48) & (0.026) \\ 0.70 & 1.22 & 5.63 \end{array}$$

From the first equation it can be explained that the relationship of Transformational Leadership, Creative Leadership with creative performance is positive with a total influence of 86%.

#### F. Goodness of Fit

The criteria of Goodness of fit from the above model can be seen in table 3.

TABLE III. GOODNESS OF FIT OF RESEARCH TEST MODEL [10]

No.	Goodness of Fit Index	Cut-off Value	Result	Conclusion
1	Chi-Square	Expected to be 338.26 > 302.85	Bad Fit	
2	Significant Probability	≤ 0,05	0,000	Bad Fit
3	RMSEA	≤ 0,08	0,090	Bad Fit
4	GFI	≥ 0,90	0,86	Marginal Fit
5	AGFI	≤ 0,90	0,98	Marginal Fit
6	RFI	≥ 0,90	0,98	Good Fit
6	NFI	≥ 0,95	0,99	Good Fit
7	CFI	≥ 0,94		Good Fit

#### V. CONCLUSION

Based on the analysis and discussion above, the results of this study can be concluded:

- Transformational Leadership has positive and significant influence on creative leadership variables.
- Creative leadership has no significant effect on creative performance variables.
- Transformational leadership has no significant effect on creative performance.

#### VI. RECOMMENDATION

Based on the results of this study, then in order to improve organizational performance, organizational leaders need to implement and enhance the role of transformational leadership and creative leadership in order to foster the creative performance of staff.

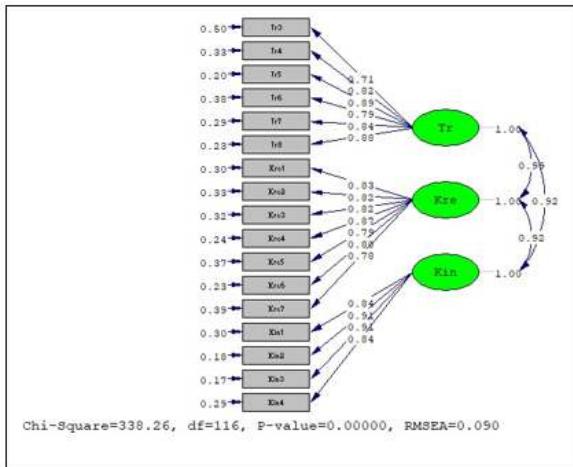
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## APPENDIX

### Confirmatory Factor Analysis: Standardized Solution



### Confirmatory Factor Analysis: Uji\_t

