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The Influence of Transformational Leadership on Employee Innovative Behavior

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Abstract

Against the background of digital transformation, intensified industrial competition, and continuous organizational restructuring, employee innovative behavior has become an important source for enterprises to obtain sustained competitive advantage. This paper reviews domestic and international literature and typical enterprise cases on the relationship between transformational leadership and employee innovative behavior. It first defines the core concepts of transformational leadership, creativity, employee innovative behavior, and organizational innovation. It then analyzes the direct relationship, mediating mechanisms, and boundary conditions through which transformational leadership influences employee innovative behavior. On this basis, the paper incorporates the cases of ByteDance, Haier, 3M, Google, Atlassian, Siemens, and Kodak into the methodology section and proposes a practical framework of "Leadership Improvement - Environmental Support - Employee Activation." The study argues that employee innovative behavior cannot be explained solely by individual capability. It results from the joint interaction among leadership behavior, organizational environment, and employee psychological states. The findings can provide reference for enterprises seeking to improve leadership effectiveness, optimize innovation environments, and stimulate employee innovation.

Keywords

Transformational Leadership; Employee Innovative Behavior; Creative Self-Efficacy; Organizational Support; Enterprise Innovation Cases.

1. Introduction

Against the background of intensified competition, accelerated technological upgrading, and continuous digital transformation, innovation has become an important source of organizational competitiveness. Enterprise innovation relies on technology, capital, and strategic investment. Equally important is employees' capacity to spot workplace issues, generate novel ideas, trial innovative approaches, and translate viable solutions into practice. For this reason, employee innovative behavior has become an important topic in organizational behavior and innovation management research [1][2].

Among the many antecedents of employee innovative behavior, leadership style is widely regarded as a key variable. Transformational leadership emphasizes inspirational motivation, intellectual stimulation, role modeling, and individualized consideration. Through value guidance and psychological empowerment, it can shape employees' work attitudes and innovative behavior [3][4][5]. Existing studies show a relatively stable relationship between transformational leadership and employee creativity, employee innovative behavior, and organizational innovation capability [6][7][8].

Findings from Chinese scholars also corroborate this conclusion. Existing literature has interpreted the impacts of transformational leadership through multiple mechanisms,

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including psychological capital, organizational justice, creative self-efficacy, organizational incentives, digital contexts, and generational disparities [9][10][11][12][13]. These studies jointly indicate that the influence of leadership behavior on employee innovation has multiple mechanisms. Employee psychological states, organizational systems, and work contexts should be considered together.

However, three aspects of existing research still require further integration. First, some studies do not clearly distinguish creativity, employee innovative behavior, and organizational innovation, which may lead to confusion between idea generation, idea promotion, and innovation implementation. Second, existing studies have proposed many mediating and moderating variables, yet the overall explanatory framework remains scattered. Third, some reviews remain at the level of theoretical summary and provide limited discussion of innovation mechanisms in real enterprise management settings. Therefore, this paper combines literature review with case-based analysis to build a more applicable analytical framework.

This paper responds to two practical questions. The first question is what existing research can suggest for improving transformational leadership when enterprises face insufficient change leadership, unclear innovation vision, and low employee initiative. The second question is what concrete management measures enterprises can adopt when employees have weak innovation intention, when ideas are difficult to transform, and when organizational support is insufficient.

2. Literature Review

The theoretical origin of transformational leadership is usually traced to Burns' discussion of how leaders and followers jointly raise their levels of motivation and values. Bass later developed it into a more systematic leadership theory [3][4]. In the classic framework, transformational leadership mainly includes four dimensions: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration [5]. Intellectual stimulation encourages employees to rethink existing processes and solutions. Individualized consideration provides support and feedback according to employee differences. These two dimensions are especially closely related to employee innovative behavior.

Employee innovative behavior usually refers to the behavior through which employees generate, promote, and implement new ideas, processes, or methods at work [1]. It is related to creativity, but the two concepts should still be distinguished. Creativity focuses more on the generation of novel ideas, while innovative behavior further includes idea promotion, resource acquisition, and practical implementation [2]. Therefore, this paper treats employee innovative behavior as the core outcome variable because it covers the complete process from idea generation to organizational implementation.

International research examined the relationship between transformational leadership and innovation relatively early at the organizational level. Based on a sample of Taiwanese electronics and telecommunications firms, Jung et al. found a positive relationship between transformational leadership and organizational innovation, and this relationship was associated with empowerment and an innovation-supporting climate [8]. Hughes et al. conducted a systematic review of leadership, creativity, and innovation and pointed out that leadership is an important predictor of creativity and innovation at the employee, team, and organizational levels [6]. Lee et al. further used meta-analysis to show that different leadership styles have different effects on creativity and innovation, while transformational leadership remains an important variable [7].

At the individual level, Shin and Zhou found, based on a Korean enterprise sample, that transformational leadership can promote employee creativity and that intrinsic motivation plays an important role in this process [14]. Gong et al. further indicated that employee learning

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orientation and transformational leadership can both enhance employee creativity through creative self-efficacy [15]. After conducting a meta-analysis of 127 studies, Koh et al. found that the overall effect of transformational leadership on creativity is positive, while creative self-efficacy, intrinsic motivation, psychological empowerment, and innovation climate are involved in its mechanism [16].

Chinese research provides more specific discussions based on local organizational contexts. Sui et al., using matched data from 785 employees and their direct supervisors, found that psychological capital partly mediates the effect of transformational leadership on employee performance and satisfaction, while procedural justice strengthens this effect [9]. Hu et al. noted in their review that transformational leadership may influence organizational creativity and innovation directly and may also exert indirect effects through individual, team, organizational, and external environmental variables [17]. Zhao and Liang's recent review further suggests that future research should pay more attention to longitudinal design, negative effects, and new organizational contexts [10].

Digital contexts and new-generation employees give this topic new practical significance. Xia and Li used Haier as a case to show that transformational leadership can improve enterprise innovation capability through strategic innovation, organizational restructuring, and changes in talent development models [11]. Li, taking Generation Z employees as the research object, found that creative self-efficacy partly mediates the relationship between transformational leadership and employee innovative behavior [12]. Liu et al. compared platform leadership and transformational leadership and found that both styles can promote innovation among manufacturing employees. Platform leadership depends more on resource support, while transformational leadership depends more on vision-driven influence [13].

Overall, existing literature shows that transformational leadership promotes employee innovative behavior through four main paths. The first is the cognitive path, which improves employees' judgment of their own innovation capability through creative self-efficacy, psychological empowerment, and learning orientation. The second is the motivational path, which increases innovation input through intrinsic motivation, harmonious work passion, and achievement needs. The third is the resource path, which reduces innovation costs through organizational support, knowledge sharing, time resources, and digital tools. The fourth is the contextual path, in which organizational justice, psychological safety, team competition climate, and digitalization level change the actual effect of leadership behavior.

3. Methodology

This paper adopts a method that combines literature analysis with embedded case analysis. Literature analysis is used to extract the main mechanisms through which transformational leadership affects employee innovative behavior. Embedded case analysis is used to examine the practical operability of these mechanisms in enterprise settings. Case selection follows three criteria. First, the enterprise should have a clear innovation orientation. Second, its management practice should reveal mechanisms such as vision guidance, empowerment, resource support, or platform construction. Third, the case should cover different contexts, including Chinese and foreign enterprises, internet companies, and manufacturing companies.

Based on these criteria, this paper selects ByteDance, Haier, 3M, Google, Atlassian, Siemens, and Kodak as auxiliary cases. The first six cases are used to illustrate relatively mature innovation mechanisms, while Kodak is introduced as a contrast case to reduce possible survivor bias. ByteDance exemplifies vision-driven development and agile iteration among digital platform firms [18]. Haier represents organizational platformization and talent mechanism change in manufacturing [19]. 3M and Google reflect employee autonomy and time-resource support [20][21]. Atlassian reflects short-cycle experimentation and internal project incubation [22].

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Siemens shows how digital platforms support industrial innovation ecosystems [23]. Kodak reflects the constraints of path dependence and delayed strategic renewal [24][25]. These cases do not replace empirical testing. They are used to connect literature-based mechanisms with observable management practices.

3.1. Case Embedding and Analytical Dimensions

Table 1. Case Embedding and Analytical Dimensions

Case	Main practice	Corresponding mechanism	Implication for this framework
ByteDance	With the mission of "Inspire Creativity, Enrich Life," ByteDance has built a multi-product matrix and supports rapid iteration through collaboration tools and data feedback [18].	Vision motivation, digital tools, feedback loop	Leadership vision should be translated into executable task goals and continuous feedback mechanisms.
Haier	Through the RenDanHeYi model and ecosystem platform construction, Haier has promoted a shift from hierarchical control to platform-based collaboration [11][19].	Empowerment, platformization, value sharing	Transformational leadership needs organizational structure adjustment to sustain employee innovation.
3M	3M has long encouraged employees to use part of their working time to explore personal insights and problem-solving ideas, forming its 15 percent culture [20].	Autonomy, tolerance for trial, resource support	An innovation environment should reserve exploration space for employees.
Google	In the 2004 Founders' Letter, Google referred to 20 percent time, through which employees could use part of their working time to advance projects that may benefit the company [21].	Autonomous exploration, internal entrepreneurship, interest-driven work	Innovation incentives should be connected with organizational goals to avoid detachment from business scenarios.
Atlassian	Atlassian institutionalizes innovation through ShipIt Days, during which employees team up within 24 hours to deliver solutions around product or internal problems [22].	Short-cycle experiments, cross-team collaboration, result presentation	Innovation can become an organizational habit through periodic activities.
Siemens	Through Siemens Xcelerator, an open digital business platform, Siemens integrates hardware, software, services, and partner ecosystems [23].	Open platform, ecosystem collaboration, digital resources	In digital environments, innovation increasingly depends on resource integration beyond organizational boundaries.
Kodak	Kodak made long-term investments in digital technology and attempted strategic renewal from film photography to digital imaging, but these efforts failed to produce sustainable innovation outcomes and the company filed for bankruptcy protection in 2012 [24][25].	Failed strategic renewal, organizational rigidity, market mismatch	Leadership vision and innovation investment need to be supported by timely business model transformation, organizational adaptation, and market responsiveness.

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The embedded case analysis is organized around three analytical dimensions. The first dimension is leadership behavior, including vision communication, intellectual stimulation, empowerment, individualized support, and tolerance for trial and error. The second dimension is organizational system design, including platform construction, autonomy arrangements, innovation time, digital collaboration tools, knowledge sharing, and evaluation mechanisms. The third dimension is employee psychological state, including creative self-efficacy, intrinsic motivation, psychological safety, and willingness to implement ideas.

Based on these dimensions, the cases are coded according to whether they mainly reflect vision motivation, empowerment, resource support, short-cycle experimentation, platform collaboration, or failed strategic renewal. The analysis procedure follows three steps. First, the main innovation-related practices in each case are identified. Second, these practices are matched with the theoretical mechanisms extracted from the literature. Third, successful innovation cases are compared with the Kodak contrast case to examine the boundary conditions of transformational leadership. Since most selected cases are well-known innovation-oriented firms, the analysis may still involve survivor bias; therefore, these cases are used mainly to illustrate mechanisms rather than to prove universal causal effects.

3.2. The "Leadership Improvement - Environmental Support - Employee Activation" Framework

The first step is leadership improvement. Enterprises should move transformational leadership development from general management training to specific behavioral training. Managers should articulate a clear vision, prompt employees to rethink issues through questioning, deliver feedback amid innovative trial-and-error processes, and provide tailored support aligned with employees' abilities and interests. In comparison with the cases of ByteDance and Haier, vision expression can exert a sustained effect on employee innovation only when it enters product iteration, organizational collaboration, and talent development processes.

The second step is environmental support. Enterprises need to provide time, resources, collaboration platforms, knowledge-sharing channels, and fair evaluation mechanisms at the institutional level. The cases of 3M, Google, and Atlassian show that employee autonomous exploration does not automatically emerge from slogans. It requires stable time allocation, resource access, and implementation channels [20][21][22]. Therefore, enterprises can establish small innovation funds, internal proposal systems, cross-functional project teams, and knowledge-sharing platforms to transform innovation from individual willingness into organizational routine.

The third step is employee activation. Employee innovative behavior requires creative self-efficacy, intrinsic motivation, and continuous learning capability. Enterprises can help employees gradually form the psychological expectation that they can propose solutions, promote implementation, and receive organizational recognition through small-scale innovation projects, mentor feedback, cross-departmental collaboration, and public presentation of innovation results. For Generation Z employees, real-time feedback, visible growth, and task meaningfulness are especially important [12].

The logic of this framework is as follows: leaders are responsible for direction and meaning construction, the organizational environment is responsible for resources and institutional guarantees, and employee psychological states are responsible for the actual occurrence of innovative behavior. When the three elements are connected, transformational leadership can be converted from a leadership style into organizational innovation capability.

3.3. Specific Implementation Suggestions

First, enterprises should establish a checklist of innovative leadership behaviors. The checklist can include vision expression, open-ended questioning, tolerance-based feedback, resource

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coordination, and individualized consideration. In implementation, enterprises may require managers to hold regular idea-review meetings, record feedback on employee proposals, and provide necessary resources for selected projects. Evaluation indicators may include the number of employee proposals, proposal adoption rate, cross-departmental participation, and employee perception of leadership support. For small firms, the checklist can remain simple and flexible; for large firms, it should be incorporated into formal managerial appraisal.

Second, enterprises should set up lightweight innovation project mechanisms. They can draw on Atlassian's short-cycle innovation activities and allow employees to submit proposals around customer pain points, process optimization, or product improvement within a fixed cycle. Each cycle should include proposal submission, rapid review, small-scale testing, result presentation, and follow-up resource allocation. Evaluation indicators may include prototype completion rate, implementation rate, cost reduction, customer feedback, or internal process improvement. Internet and platform firms can emphasize rapid iteration, while manufacturing firms should connect proposals more closely with production safety, quality control, and process upgrading.

Third, enterprises should build knowledge-sharing and digital collaboration platforms. Employee innovation often requires cross-position information. Siemens Xcelerator and ByteDance's collaborative practices show that digital platforms can reduce communication costs and transform scattered knowledge into usable innovation resources [23][18]. Enterprises should therefore encourage employees to document project experience, share reusable solutions, and participate in cross-functional discussions.

Fourth, enterprises should improve fairness and tolerance mechanisms. Innovation outcomes are uncertain. If evaluation systems focus only on short-term performance, employees may reduce their willingness to experiment. Enterprises need to distinguish acceptable trial and error from low-quality execution. The former should be recorded, reviewed, and encouraged, while the latter should be addressed through process improvement. In practice, enterprises can establish review criteria that examine whether the employee followed a clear problem definition, testing process, and feedback revision procedure. Evaluation indicators may include learning records from failed projects, repeated participation in innovation projects, and the conversion rate from trial projects to formal implementation. Start-ups may rely on informal review and founder feedback, while large enterprises need clearer authorization rules and risk-control boundaries.

4. Results and Discussion

4.1. Results

Through the integrated analysis of literature and cases, this paper obtains three main findings. First, there is a relatively stable positive relationship between transformational leadership and employee innovative behavior. International meta-analyses, organizational-level research, and Chinese empirical studies all support this judgment [6][7][8][16].

Second, the paths through which transformational leadership influences employee innovative behavior are multi-mechanism in nature. Creative self-efficacy, knowledge sharing, psychological capital, organizational incentives, and organizational support may all participate in this process [15][26][9][12]. Additional studies also emphasize the roles of creativity-supporting work environments, transformational leadership and organizational innovation, intrinsic motivation, leader support, and digital team contexts [27][28][29][30][31][32]. Therefore, the effect of leadership on innovation is usually realized gradually through employee cognition, emotion, motivation, and resource perception.

Third, case analysis shows that successful innovative enterprises usually combine leadership behavior with organizational systems. ByteDance emphasizes mission and rapid iteration.

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Haier emphasizes platform-based organization and value sharing. 3M and Google emphasize exploration space. Atlassian emphasizes short-cycle innovation activities. Siemens emphasizes an open digital platform. In contrast, Kodak shows that strategic renewal and digital investment may still fail when organizational adaptation and market response are insufficient. These practices prove from different angles that employee innovation requires clear direction, sufficient empowerment, necessary resources, and visible feedback.

4.2. Discussion

The above findings indicate that employee innovative behavior cannot be simply attributed to individual capability. Leadership behavior, organizational resources, and employee psychological states jointly determine whether innovative behavior can occur. The advantage of transformational leadership lies in stimulating employees' willingness to participate through vision and emotional support, helping employees reinterpret problems through intellectual stimulation, and reducing psychological pressure during innovation attempts through individualized consideration.

The case analysis further suggests that transformational leadership should be combined with institutional design. If vision slogans lack resource support, employees may perceive the goals as distant. If resource input lacks leadership guidance, innovation activities may become fragmented. If performance pressure lacks a tolerance mechanism, employees may prefer low-risk solutions. Therefore, enterprises should promote transformational leadership development, innovation system design, and employee capability building as an integrated project. In addition, although Kodak is introduced as a contrast case, the case sample remains limited and may still contain selection bias.

Transformational leadership also has boundaries. In some enterprise cultures that emphasize high obedience, employees may find it difficult to express different opinions. In some highly standardized jobs, the space for innovation is relatively limited. Some leaders may also rely excessively on personal charisma, causing employees to depend on the leader. Kodak also illustrates that leadership-led strategic renewal may be constrained by path dependence, delayed business model transformation, and market mismatch [24][25]. Future research should continue to examine the negative effects of transformational leadership, its applicable conditions in different industries, and the way digital tools reshape leadership influence paths.

From a practical perspective, enterprises can implement the framework in three types of management actions: train leaders in innovative communication methods, provide sustainable resources and tolerance mechanisms at the organizational level, and help employees build innovation confidence through small projects and feedback mechanisms. This arrangement is more executable than simply asking employees to innovate more.

5. Conclusion

This paper reviews domestic and international research and typical enterprise cases concerning the relationship between transformational leadership and employee innovative behavior. Overall, transformational leadership can promote employee innovative behavior through inspirational motivation, intellectual stimulation, role modeling, and individualized consideration. Its main mechanisms include creative self-efficacy, intrinsic motivation, psychological capital, organizational incentives, knowledge sharing, and organizational support.

The main contribution of this paper is that it incorporates enterprise cases into the methodology section and uses the cases of ByteDance, Haier, 3M, Google, Atlassian, Siemens, and Kodak to explain the “Leadership Improvement - Environmental Support - Employee Activation” framework. This framework shows that improving employee innovative behavior

requires leaders to provide direction, organizations to provide resources and institutional guarantees, and employees to develop innovation confidence and action willingness.

This paper also has limitations. Since it mainly relies on literature review and case analysis, and since most positive cases are drawn from well-known innovative enterprises, its conclusions are more suitable for summarizing patterns and proposing management suggestions. Causal effects have not yet been tested through new questionnaire data or experimental design. Future research may further use longitudinal data, multi-source data, and cross-industry comparative cases to examine the differences in the role of transformational leadership across different digitalization levels, employee generations, and organizational structures.

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