

## The Mechanism Research of Differentiated Transformational Leadership's Influence on Employee's Creativity

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Received 6 June 2016; accepted 19 August 2016  
Published online 26 September 2016

### Abstract

From a new perspective of differentiated transformational leadership and perceived insider status, a theoretical model mainly including differentiated transformational leadership, perceived insider status and subordinates' creativities is constructed to illustrate the relationships between each variable. Differentiated transformational leadership affects individual's creativity by influencing perceived insider status. On the basis of this, this paper aims to explore and reveal the functional mechanism of differentiated transformational leadership's influence to employee's creativity.

**Key words:** Differentiated transformational leadership; Perceived insider status; Creativity

Yu, B. (2016). The Mechanism Research of Differentiated Transformational Leadership's Influence on Employee's Creativity. *Canadian Social Science*, 12(9), 34-40. Available from: <http://www.cscanada.net/index.php/css/article/view/8784>  
DOI: <http://dx.doi.org/10.3968/8784>

### INTRODUCTION

Organization innovation cannot go without the staff's creativity. Employee creativity is the source of all kinds of continuous organizational innovation. A large number of studies have shown that the staff's creativity is the basis of organizational innovation, survival and competitiveness. And leadership, as an important factor of organizational environment, has vital influence on employee creativity and team innovation. However, we often find that some phenomena in the real-world organization cases:

some employees couldn't adapt to the organizational environment, lack of interaction with colleagues and leave the team and the organization slowly or are isolated artificially...Why do some employees tend to feel they are the "outsiders" in team thus prevent them to fit into the team? Why do the talents who were introduced by us with great effort gradually become mediocre? Why does their innovation ability cannot even come up to their original colleagues? For leaders, should they regard the talents with special respect and give them special attention? Or should they treat subordinate in the same way equally? In theory, in the process of implementation of the leadership activities, the leader, on the one hand, should be able to fully motivate subordinates to ensure that every subordinate could work efficiently to complete his or her task. On the other hand, the leader should be able to strengthen cooperation and trusts between team members to ensure that the team could operate effectively achieve integrated work. So, in reality, how does the leader strike a balance between subordinate individual and team?

In the view of the objective demand of theory research and practice explore, considering the fundamental role of individual's creativity to the whole team and original innovation ability, it is necessary to conduct research about how the team leaders influence team members' creativity to clarify the relationship between differentiation transformational leadership, perceived insider status and the employees' creativity which just rises in the field of organizational behavior management. In order to open this "black box", we need to reveal effective mechanism of team leader to team members' creativity.

### 1. REVIEW OF RELATED RESEARCHES

#### 1.1 The Study Towards Differentiated Transformational Leadership

In 1980s, transformational leadership theory which was proposed and developed by Burns, Bass and other scholars

caused a revolution in western leadership theory research. Now, it is one of the most popular and the cutting-edge leadership theory. Early transformational leadership studies, however, is to define it as a holistic concept. Few scholars worked on exploring the level differences in transformational leadership behavior itself. Recently, some scholars found that transformational leadership will affect the whole team and individual members at the same time, whose kind of structure is suitable for level analysis (Kirkman et al., 2009). Therefore, transformational leadership cannot be simply regarded as a single-level concept which just affects the subordinate. It can be involved in the team, team members and other aspects. Ignorance to every single level could lead to deviation. Therefore, Kark and Shamir (2002) proposed the concept of differentiated transformational leadership on the basis of integrating self-concept and transformational leadership theory. Differentiated transformational leadership is that in a work team transformational leader take two different types of leadership behavior—individual focus and team focus at the same time. Such leadership pattern has a multifaceted influence on the team and individual. This concept is more comprehensive and wider in revealing the relationship between transformational leadership and the individual and team's outputs (Zhang et al., 2015).

Study from Wang and Howell (2010) found that transformational leadership can be either (that is, the leader acts on the whole team), also can be individual—different (that is, the leader show differentiated leadership behaviors to team members). Their study in 2012 further confirmed that the team-consistent leadership behaviors are positively correlated with team performance and individual-different leadership behaviors is positively correlated with task performance and individual initiative. Zhang et al. (2015) designed and inspected a total of 15 items team-consistent transformational leadership scale containing four dimensions—high performance expectations, promote teamwork, team vision and models in the case of China. They also designed and tested a total of eight items the individual-different transformational leadership scale containing two dimensions—the personalized care and intelligence excitation. Cai et al. (2013) introduced the concept of differentiated transformational leadership, explored and examined its differentiated impacts on team knowledge sharing and team creativity from the perspective of social network mechanism; Li and Liu (2014) also studied the across-levels influence of differentiated transformational leadership on knowledge sharing.

The latest issues in leadership study field—differentiated transformational leadership is becoming a new hot spot in the development of transformational leadership theory (Wu, 2010; Tse et al., 2014; Li et al., 2014). At present, the research in China is still at the stage of introducing concept. In the future, research on differentiated transformational leadership will introduce

the “level analysis” to this field. It can not only deepen the leadership behavior researches in different levels, but also can broaden the research perspective of leadership ascension.

## 1.2 Research About Perceived Insider Status

Along with the development of people-oriented flexible management pattern, the “insider” role cognition becomes a new orientation in employee individual cognitive theory research. The Promotion role of perceived insider status to the innovation behavior begins to attract attention of researchers (Yu et al., 2014). For the first time, Stamper and Masterson (2002) put forward the concept of “perceived insider status”. This concept mainly refers to the degree of employee perceived as an organizational insider, which measures the employee's sense of belonging to the organization. In the follow-up study, Chen (2007) further pointed out that insider identity is a kind of self concept reflecting the employees' definition to themselves. The employees who perceive more evidently to perceived insider status often have a strong sense of identity and sense of belonging to an organization. Many scholars' researches show that the perceived insider status and the staff's innovation behavior, creativity and other are significantly positively correlated (Tierney & Farmer, 2011; Yang & Zhang, 2012; Gu et al., 2014).

Perceived insider status as a research variable with strongly Chinese culture characteristics (Yin et al., 2012), has unique realistic foundation and meaning to study its relationship with the employees' innovative behavior. If the organization wants to effectively motivate staff innovation behavior, whether they can let staff feel as an organization's “insider” may be one of the most important factors. As a result, the perceived insider status has important value in Chinese cultural situation.

So far, the research on perceived insider status has just started in China. It still lack of perceived insider status theory and empirical studies based on organization situations in China. Therefore, systematic carding and analysis for domestic and foreign research results related to insider identity recognition, enrichment of perceived insider status theory and practice, exploring the relationship between the antecedent and consequence variables and related mechanisms will be the important research tasks in the future (Zhao et al., 2015).

## 1.3 Research on Leadership and Subordinate Creativity

Since 1990s, many scholars began to focus on the important role of leadership in creativity of the staff, especially under the background that the transformational leadership and transactional leadership becoming hot topics for scholars around the world. When discussing the direct leadership between leadership behavior and subordinate creativity, the researchers found that employee will show a higher level of creativity when the leader could give timely and constructive comments

and feedback to the subordinate, provide incentives and show the transformational leadership behavior (Zhou & Oldham, 2001; George & Zhou, 2001; Zhou, 2003; Guo & Duan, 2008). When analyzing the mechanism of the leadership's influence on creativity of staff, the researchers mainly probe into the intrinsic work motivation, psychological empowerment and creative self-efficacy and other intermediary variables' positively influence on subordinate's creativity (Shin & Zhou, 2003).

International academic research on the relationship between differentiated transformational leadership and subordinate is just emerging. And most of their works are based on the traditional psychology perspective to study the psychological mechanism of the effects of transformational leadership on the team and individual level in different levels. There are also a few scholars who try to provide a new explanation for the process how the differentiated transformational leadership influences the subordinate's creativity based on social network mechanism under the perspective of social structure (Schriesheim, 2009; Wu, 2010). In China, research on differentiated transformational leadership and subordinate creativity directly relates with current Chinese situation. However, current research is still in the stage of concept introduction and spreading.

#### **1.4 The Limitations of Current Research and the Raise of Problems**

With a review of the existing literatures, we found that researches the relationship between leadership and subordinates' creativity is attracting more and more attention from scholars. But the study is still very limited, especially in mechanism research which reveals the role of leader to stimulate employee creativity. The deficiencies mainly display in: Firstly, the observation of the leadership characteristics is too simple when analyzing the process and mechanism of how leadership influence subordinate creativity. These researchers don't observe the influence from an overall and systematically view. Secondly, for the influence span of leadership to subordinate creativity, current researches mainly focus on the individual level. However, more and more scholars have begun to realize that leadership does not only directly affect the subordinate individual; it will also exert effect through the impact on the group level. Thirdly, current study of differentiated transformational leadership take less attention to staff's attitude and behavior so that it can't clearly explain how differentiated transformational leadership affects the two levels—individual and team at the same time; More importantly, intermediary role of the individual cognitive factor and other important variables has not been involved and studied.

Based on the drawbacks of existing researches, this study needs to discuss from the other perspective instead of internal work motivation, when exploring the mechanism of how differentiated transformational

leadership affects the subordinate creativity, to enrich existing theories; this study needs to break through the existing research tendency of which observations to leadership characteristics is too simple and to explore leadership performance systematically and deeply from an overall and multidimensional angle; this study needs to improve the existing research issues that is only consider differentiated transformational leadership influence from the individual level and to consider it from two aspects: individual and team together.

## **2. MECHANISM MODEL OF THE INFLUENCE EXERTED BY DIFFERENTIATED TRANSFORMATIONAL LEADERSHIP TO SUBORDINATE CREATIVITY BASED ON PERCEIVED INSIDER STATUS**

### **2.1 The Influence of Differentiated Transformational Leadership on Perceived Insider Status**

Individual-different leadership behaviors in the transformational leadership are useful to build self-concept for subordinates. It helps to improve subordinate's recognition to the leadership which will enhance the subordinate's self-efficacy, while also making a subordinate gain positive feeling about the leadership and organization. Team-consistent leadership behavior makes the team members have a positive team identification by constructing collective self-consistency, resulting in increased team cohesion and cooperation behavior. Differentiated transformational leadership will gather individual identity based on leadership and social identity based on the organization together. Different transformational leadership behavior can stimulate different affiliate self-concept thus bringing cognitive experience changes in how team members perceive the insider status.

Recent studies found that leadership-subordinate exchange relationship and employees' perceived insider status were positively correlated (Wang et al., 2009). In high quality leadership-subordinates exchange relationship, as members of the team, staff can get more trust, support and authorization. Team members can get self-identity in the team and be accepted by the organization. Study of Guerrero (2013): From the perspective of the relationship between leadership and subordinate, leaders tend to divide subordinate into "insiders" and "outsiders". "Insiders" due to more "care", communication and exchanges, possess more useful resources and better opportunities, thus producing belonging identity to the group. It will enhance its insider identity cognitive level. Studies of Guerrero

confirmed that the good relationship between leaders and subordinates is significantly related with team members' insider status cognition. Zhao (2014) also found that team members who establish a good relationship with leadership are more likely to obtain personal success in the organization, are more easily accepted by the organization and are more likely to produce perceived insider status (Zhao et al., 2015).

Although researches on differentiated transformational leadership and subordinate perceived insider status is just beginning, from the above discussion, we can find that differentiated transformational leadership have important influence on the subordinate's identity, individual cognitive and other psychological factors. Based on the above, from the important individual cognitive perspective - perceived insider status, we put forward the following hypothesis:

Differentiated transformational leadership and perceived insider status are positively correlated.

## **2.2 The Relationship Between Differentiated Transformational Leadership and Subordinate Creativity**

In many types of leadership, the relationship between transformational leadership and organization of creativity and innovation is becoming the focus of scholars. Many studies have shown that transformational leadership can significantly improve the staff's creativity. For example, Sosik (1998) using college students team leader and team members as the research object found that the impact of team's transformational leadership on team members' creativity is higher than team's transactional leadership impact on team member; Shin and Zhou (2003) using a south Korean company employees and their superiors as the research object, found that transformational leadership affect employee creativity by intrinsic motivation; Jason (2006) using enterprise employees and their leadership in the United States as the research object, put forward and verified that the creative transformational leadership exerts positive influence on employees' creativity through work environment; Lale and Arzu (2009) using Turkish software company R&D staff and leadership as the research object, verified the positive role of transformational leadership on employee creativity and organization innovation; Ding (2010) using EMBA and their subordinates as samples, verified that transformational leadership has positive influence on the employees' creativity through leader-subordinate relationship. Cai (2013) studied the relationship between differentiated transformational leadership and team creativity from the perspective of the social structure, trying to open "black box" of the effect of differentiated leadership on the team output. They found that differentiated transformational leadership affects team social network thus affecting team knowledge sharing, so as to influence the team creativity, which provides a new view for leadership research.

Based on the above discussion, we put forward the following hypothesis:

Differentiated transformational leadership and subordinate creativity are positive correlated.

## **2.3 The Relationship Between Perceived Insider Status and Creativity**

If team leaders want to effectively motivate team members' innovative thinking and behavior, whether they can let employees feel they are "insider" of the team may be an important factor. All of Individual factor, group factor and the interactions of these factors will affect the organization innovation. Among them, as a driving force directly focused on the employees' individual psychological and cognitive level, individual cognitive factors of individual factors can explain the stimulation process and mechanism of innovation behavior better and deeper. The latest research at home and abroad show that individual cognitive factors such as the perceived insider status will have significant impact on employee innovative behavior (Tierney & Farmer, 2011; Yang & Zhang, 2012; Gu et al., 2014).

When employees identify themselves as team "insiders", they will act as "insiders". Cognitive differences will bring differences in creative style and creative degree. They will take the initiative to participate in some activities beyond their general responsibilities. This kind of active participation, tending to change and open attitude can make the staff consider the whole organization integrally and systematically. Thereby, it will help to innovatively solve the problems existing in the organization (Shalley et al., 2004; Wang et al., 2009; Guerrero et al., 2013). When employees identify themselves as team "insiders", they tend to produce self-motivation and actively promote the development of the organization, which can promote their positive thinking and creativity, so as to stimulate their innovation behavior. Although research on the individual cognitive variables -- perceived insider status and team creativity has just started, existing studies have confirmed insider identity perception could promote employees' innovation (Chen & Aryee, 2007; Wang, 2015).

Based on the above discussion, we put forward the following hypothesis:

Perceived insider status and its creativity are positive correlated.

## **2.4 The Mediating Effects of Perceived Insider Status**

Our study about the direct or indirect relationship between leadership and creativity is based on the following logical mainline: leadership behavior, employees' psychological factors, and creativity. This is because, from the perspective of the creativity researches' development, work motivation and other psychological factors are the important factors that affect creativity. Current studies have shown that individuals with very strong intrinsic

motivation now are more willing to apply themselves earnestly to a task. Therefore, it is reasonable to choose psychology theory as the main line for research about leadership and creativity; and the impact of leadership behaviors on employee creativity is often not direct, but through the staff's inner psychology and cognition (Cho & Dansereau, 2010). Therefore, from perceived insider status which is an important individual cognitive perspective, exploring the excitation mechanism of innovation behavior and the relationship between leadership and staff creativity have very crucial theoretical basis.

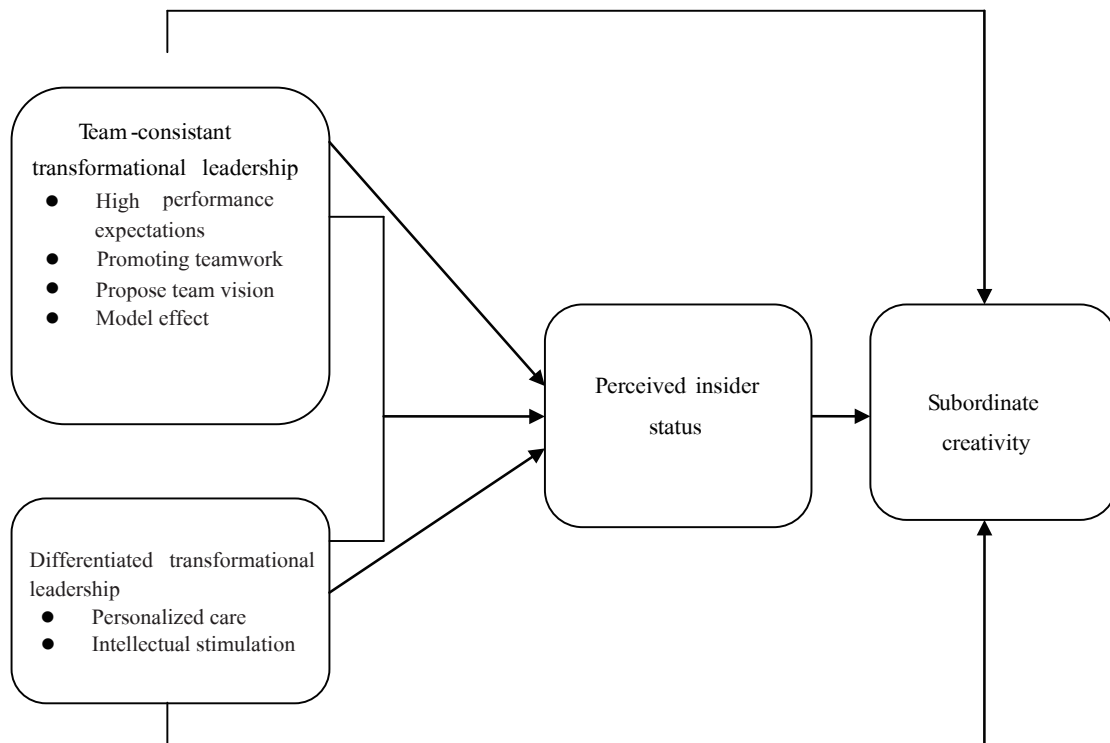
To sum up, from previous analysis on the relationship between the related variables, a connecting link is still lack between differentiated transformational leadership and subordinate creativity. So perceived insider status such an individual cognitive variable is needed to build bridge between differentiated transformational leadership and subordinate creativity. And its action process is throughout accompanied by mediation effect produced by insider identity cognitive, forming a unified action and connecting entirety.

According to discussion above, we propose the following mediation effect hypothesis:

Perceived insider status plays a role of intermediary between differentiated transformational leadership and subordinate creativity.

## 2.5 The Overall Framework and Theory Model

According to related theories about differentiated transformational leadership, perceived insider status and creativity above, in order to study the relationship between differentiated transformational leadership, perceived insider status and subordinate creativity from multifaceted perspective, the following theory model is set up (see Figure 1). This model reveals the "black box" of influence process of differentiated transformational leadership on team creativity. In line with the front theory of interpretation, this model is established in accordance with the logic of the main line: leadership behavior, employee's individual cognitive psychological factors and creativity, fully considering the perceived insider status's mediation effect as an individual cognitive variable.



**Figure 1**  
**Relationship Between Differentiated Transformational Leadership, Perceived Insider Status and Subordinate Creativity**

## CONCLUSION AND FUTURE RESEARCH

This study, from a new perspective of differentiated transformational leadership and perceived insider status, constructs a theory model mainly including factors such as differentiated transformational leadership, perceived insider status and subordinate creativity, and

make interpretation on the relationship between these variables. The next work is to do empirical analysis on the above theoretical model and its working mechanism and to further revision and improvement according to the empirical results. In future, we will make specific research on the influence on subordinate creativity exerted by two leadership behavior—differentiated transformational

leadership and team-consistent transformational leadership. Empirical analysis on the relationship between differentiated transformational leadership and team members' creativity and the action mechanism will be done.

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