

The Relationship between Transformational Leadership Style, Job Creativity and Job Performance Outcomes of Employees in Vietnamese Startup Enterprises

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ABSTRACT

This paper primarily focuses on the relationship between transformational leadership style, employee innovation, and job performance, with a particular emphasis on its significance within the context of startup enterprises. The authors point out that while existing research has extensively examined and validated the positive influence of transformational leadership on employee performance and creativity (as evidenced by studies such as Naguib & Naem, 2018; Ibrahim et al., 2023; Shang, 2023), empirical evidence regarding this relationship in the specific environment of startups is relatively scarce, particularly concerning in-depth analysis of how fostering employee work creativity directly impacts value creation, survival, and development in startups.

KEYWORDS

Transformational leadership; Job creativity; Job performance outcomes; Startup enterprises; Vietnam

1. Introduction

Transformational leadership involves the exchange process through which the behaviors of leaders influence their subordinates to enhance morale and work motivation (Burns, 1978; Bass, 1985). Leaders play a crucial role in inspiring employees, thus having the ability to determine and maintain the stability and existence of an organization. Current global research argues and demonstrates the effective impact of employing transformational leadership styles on employee job performance outcomes (Naguib & Naem, 2018; Amena et al., 2015; Widodo et al., 2017; Arif & Akram, 2018; Ratnaningtyas et al., 2021; Mukhtar et al., 2022; Ibrahim et al., 2023; Shang, 2023). Transformational leadership is widely regarded as the most popular and successful style today, with Schwarz (2017) study highlighting a positive interaction between transformational leadership style and job effectiveness. Amena et al. (2015) suggest that managers employing transformational leadership styles can foster innovative processes and enhance job effectiveness. However, existing research has limitations: (i) there is a lack of studies demonstrating the relationship between transformational leadership style and job creativity as well as job performance outcomes, especially within startup enterprises, where fostering job creativity among employees is crucial for continuous value creation, aiding in the survival and growth of such ventures; (ii) Previous research has shown the overall connection between Transformational Leadership Style, Job Creativity, and Job Performance Outcomes. However, these concepts and relationships have not yet been thoroughly explored at more detailed levels. Recognizing these gaps in research, the authors are conducting this study to fill in these missing pieces and improve the understanding of these

concepts.

Startups have become a vital factor in diversifying economic activities and driving economic growth in Vietnam. They introduce new motivations for the economy, along with innovative approaches. According to data from the Vietnam General Statistics Office on business registration, as of the end of 2021, there were 857,551 active businesses in Vietnam, representing a 5.7% increase from the same period in 2020 and a 16.7% increase from the average between 2017 and 2020. However, there is relatively little domestic research focusing on startups in general and organizational behavior within startup enterprises in particular. Therefore, the exploration and development of high-quality human resources in Vietnamese startup enterprises are pressing issues to address.

Considering the context of the study being startup enterprises in Can Tho city – the economic center of the Mekong Delta region, this research aims to investigate the relationship between transformational leadership style, job creativity, and job performance outcomes of employees in Vietnamese startup enterprises. The study seeks to contribute to human resource management practices within local startup enterprises, thereby enhancing the work efficiency of laborers in startup enterprises in Vietnam.

2. Theoretical foundation

2.1 Transformational leadership style

The transformational leadership style, as proposed by Burns (1978), emphasizes leaders who possess a visionary outlook for the future, share it with their employees, stimulate their intellectual capabilities, and value the differences among individuals within the workforce. Transformational leaders believe that the connection between leaders and employees will yield positive work outcomes.

Building upon Burns (1978), Transformational Leadership Theory (TLT), Bass (1985) further elaborated that transformational leadership primarily employs psychological elements through various behaviors such as individual consideration, fostering creativity and innovation, attracting and committing employees to the organization. This positively impacts organizational effectiveness.

According to Burns (1978), there are four main components of transformational leadership: (1) Inspirational Motivation, (2) Intellectual Stimulation, (3) Idealized Influence, and (4) Individualized Consideration. Expanding on Burns' original concepts, Bass et al. (2003) clarified the essence of the transformational leadership style and affirmed its measurability and positive impact on employee motivation and work outcomes. Bass outlined five factors by which transformational leadership style is measured:

- + Exemplary traits: Leaders attract employees through exemplary qualities such as confidence, personal authority, magnanimity, concern for the organization's and employees' interests.

- + Exemplary behaviors: Leaders demonstrate themselves as role models for subordinates to learn from. These leaders must have high standards of competence and moral character, earning the respect and trust of employees.

- + Inspirational motivation: Leaders inspire and motivate employees through setting compelling visions, persuading, and directing employees to strive for the highest efforts to achieve those visions.

- + Intellectual stimulation: Based on innovative thinking, leaders continuously aim to improve the organization to achieve higher achievements. To successfully change the organization, skill development courses, seminars to promote innovation need to be regularly organized and continuously evaluated. Intellectual stimulation demonstrates the extent to which leadership encourages others to be creative in solving old problems in new ways.

- + Individualized consideration: This involves building a work environment with information exchange and shared responsibility. Leaders pay attention to the desires and aspirations of each employee to support them, an action aimed at developing the organization.

These factors collectively contribute to the understanding and application of transformational leadership style, promoting a dynamic and effective organizational culture.

2.2 Job creativity

According to Amabile (1996), creativity involves generating novel and useful ideas that are valuable and aligned with goals in a specific field. Creativity stems from an individual's accumulated creative thinking, skills, and expertise based on education and past experiences (Amabile, 1998). With creativity, employees can contribute to a competitive advantage for organizations; therefore, it is considered one of the most crucial aspects of the organizational environment (Sosik & Megerian, 1999).

Creativity in the workplace entails effectively combining factors such as technical expertise, practical skills, and assigned tasks to generate innovative ideas to achieve the best work outcomes. Creativity demonstrates a proactive approach to work, stimulating creativity contributes to creating an efficient work environment, minimizing risks in tasks, and undesirable behaviors (Zaccaro, 2007). Shalley et al. (2004) suggest that creativity in the workplace involves developing new ideas about product and service applications or processes to create high-value platforms and potential for organizations. In this study, employee creativity within the organization is understood as the creation of new, valuable ideas that benefit the organization (Oldham & Cummings, 1996; Amabile, 1997; Shalley et al., 2004; Ilma & Desiana, 2022). These ideas, when applied within the organization, help build efficient processes, work environments, thereby creating the best products, services, and benefits for customers and society.

2.3 Job performance outcomes

Motowidlo (2003) defines job performance outcomes as activities that employees perform to achieve the goals of the business, depending on the value that the business desires from the results of the employees' activities within a specific time frame. In this study, job performance outcomes encompass all activities that employees contribute to the common goals of the business, including results in their job roles (in-role) and results beyond job roles/voluntary (extra-role) (Borman & Motowidlo, 1993).

Scholars such as Campbell (2004), Borman and Motowidlo (1993), and Koopmans (2011) in their studies on job performance outcomes point out constituent components including: Assigned job performance outcomes and Emergent job performance outcomes.

- + Assigned job performance outcomes include behaviors and results in performing tasks within the job description according to the organization's standards.

- + Emergent job performance outcomes comprise behaviors and results in performing tasks beyond the main duties such as supporting colleagues in their absence, actively taking on new tasks, and adapting well to unexpected work situations.

3. The research model

3.1 The relationship between transformational leadership style and job creativity

Transformational leadership style positively influences job creativity. According to Khalili (2016), transformational leaders encourage subordinates to embrace risks and accept new outcomes, thereby fostering a creative environment and inspiring employees to engage in innovative work. Moreover, transformational leaders also encourage employees to find alternative ways to complete tasks, thereby generating new ideas and creativity.

Various experimental studies have demonstrated the positive and significant relationship between transformational leadership style and organizational innovation (Gumusluoglu & Ilsev, 2009; Keller, 2008; Udin et al., 2017). Bandura (1995) suggests that transformational leaders, through intellectually stimulating behaviors, instill expectations for creativity, are charismatic, inspiring, and serve as creative role models for employees. Through individualized attention, transformational leaders empathize, support, help employees overcome challenges, and foster creativity. The intellectual stimulation and inspirational motivation provided by leaders play a crucial role in employees' job creativity (Nardelli, 2017). Leaders with transformational leadership capabilities encourage creativity with a visionary

approach that motivates employees to engage in innovative work. Elkins and Keller (2003) demonstrate that both inspirational motivation and stimulation are essential factors leading to innovative behavior (Elkins & Keller, 2003). Leadership style has also been shown to directly impact employee creativity in organizations (Shalley et al., 2004; Amabile, 2012). Shafi (2020) has shown that Idealized Influence, Intellectual Stimulation, and Inspirational Motivation significantly influence employee creativity and organizational innovation. Implementing transformational leadership style in organizations positively affects employee morale, encourages job creativity, and innovation. In the era of digital technology, there is a clear shift from manual labor to machine labor using high-tech applications, requiring proactive and creative work processes from employees. Therefore, the impact of transformational leadership style on employee job creativity in Vietnamese startup enterprises is hypothesized as follows:

H1: Transformational Leadership Style (TLS) has a positive impact on Job Creativity (JC) of employees in Vietnamese startup enterprises.

H1.1: Exemplary Traits (ET) have a positive impact on Job Creativity of employees in Vietnamese startup enterprises.

H1.2: Exemplary Behaviors (EB) have a positive impact on Job Creativity of employees in Vietnamese startup enterprises.

H1.3: Inspirational Motivation (IM) has a positive impact on Job Creativity of employees in Vietnamese startup enterprises.

H1.4: Intellectual Stimulation (IS) has a positive impact on Job Creativity of employees in Vietnamese startup enterprises.

H1.5: Individualized Consideration (IC) has a positive impact on Job Creativity of employees in Vietnamese startup enterprises.

3.2 The relationship between transformational leadership style and job performance outcomes

The association between transformational leadership style and job performance outcomes has been validated in various countries. For instance, Awamleh et al. (2005) found that to enhance satisfaction levels and boost job performance among bank employees in the United Arab Emirates, managers need to exhibit transformative leadership qualities. Similarly, the role of transformational leadership in military operations has been affirmed by Avolio et al. (1999). Additionally, in business settings, studies by Yammarino and Dubinsky (1994), Choudhary et al. (2013), and Xenikou et al. (2006) have demonstrated the influence of transformational leadership on the effectiveness of business personnel. Shamir et al. (1993) theoretically discussed how transformational leaders inspire and instill confidence in subordinates to fulfill their roles within the organization's individual, collective, and organizational goals. This suggests that the overall effectiveness estimates of transformational leadership correspondingly vary according to individual employee levels. Lai et al. (2020) reaffirmed the relationship between transformational leadership style and job performance outcomes in the healthcare sector. Jaroliya and Gyanchandani (2022) illustrated a close and positive relationship between transformational leadership style and team performance. Furthermore, it has been observed that transformational leaders significantly contribute to improving team performance, thereby increasing organizational productivity. Building upon the findings of previous studies, the following hypothesis is proposed:

H2: Transformational Leadership Style has a positive impact on Job Performance Outcomes (JP) of employees in Vietnamese startup enterprises.

H2.1: Exemplary Traits have a positive impact on Assigned Job Performance Outcomes (AJP) of employees in Vietnamese startup enterprises.

H2.2: Exemplary Behaviors have a positive impact on Assigned Job Performance Outcomes of employees in Vietnamese startup enterprises.

H2.3: Inspirational Motivation has a positive impact on Assigned Job Performance Outcomes of

employees in Vietnamese startup enterprises.

H2.4: Intellectual Stimulation has a positive impact on Assigned Job Performance Outcomes of employees in Vietnamese startup enterprises.

H2.5: Individualized Consideration has a positive impact on Assigned Job Performance Outcomes of employees in Vietnamese startup enterprises.

H2.6: Exemplary Traits have a positive impact on Emergent Job Performance Outcomes (EJP) of employees in Vietnamese startup enterprises.

H2.7: Exemplary Behaviors have a positive impact on Emergent Job Performance Outcomes of employees in Vietnamese startup enterprises.

H2.8: Inspirational Motivation has a positive impact on Emergent Job Performance outcomes of employees in Vietnamese startup enterprises.

H2.9: Intellectual Stimulation has a positive impact on Emergent Job Performance outcomes of employees in Vietnamese startup enterprises.

H2.10: Individualized Consideration has a positive impact on Emergent Job Performance Outcomes of employees in Vietnamese startup enterprises.

3.3 The relationship between job creativity and job performance outcomes

Employees who are emotionally invested in their work will feel more secure during the work process, thus leveraging their creative skills better in their tasks, along with demonstrating greater enthusiasm and dedication in their roles (Demerouti & Cropanzano, 2010). Asad et al. (2021) affirmed that if a clear vision for enhancing employee creativity is developed by leaders, it proves highly beneficial for the organization. The relationship between Job Creativity and Job Performance Outcomes, as well as the overall effectiveness of the organization, has been examined and confirmed in various studies at the aggregate level, such as those by Kurniawati and Siahaan (2021), Ali and Jin (2022), and Lua et al. (2023). Based on these results, the following hypothesis is proposed:

H3: Job Creativity has a positive impact on Job Performance Outcomes of employees in Vietnamese startup enterprises.

H3.1: Job Creativity has a positive impact on Assigned Job Performance Outcomes of employees in Vietnamese startup enterprises.

H3.2: Job Creativity has a positive impact on Emergent Job Performance Outcomes of employees in Vietnamese startup enterprises.

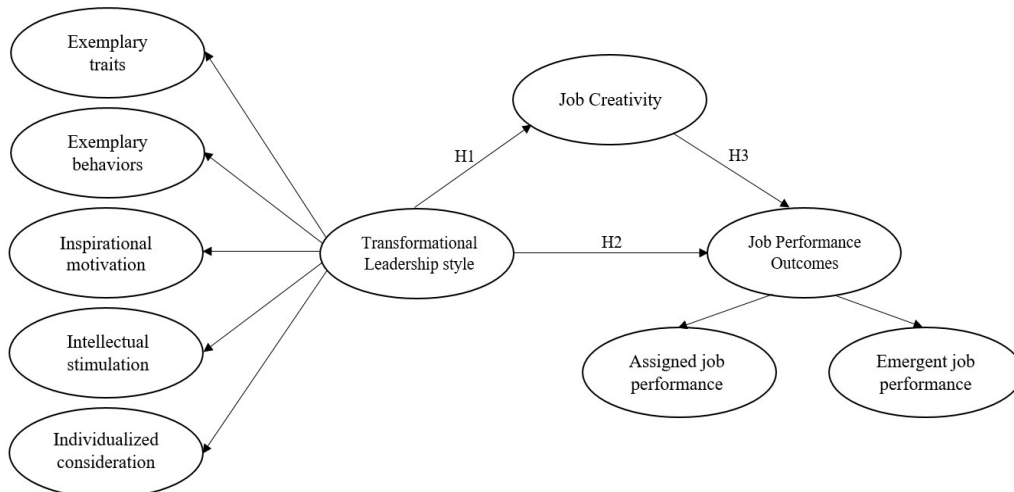


Figure 1 Research framework

4. Research methods

The study collected information using a non-probabilistic sampling method through a network-based sampling approach, relying on established relationships and referrals from businesses via direct interviews and email. Personnel selected for interviews were from startup businesses in Ninh Kieu, Cai Rang, Binh Thuy, and O Mon districts in Can Tho City. The survey targeted employees from both production and office departments across 24 businesses. In this study, a total of 312 employees were surveyed, with interviews conducted from June to August 2023.

The study collected information using a non-probabilistic sampling method through a network-based sampling approach, relying on established relationships and referrals from businesses. Specifically, the authors relied on personal connections with some startup businesses and entrepreneurial associations in Can Tho City to reach out to startup businesses for data collection. The survey was conducted using a combination of online methods (via email) and scheduling direct interviews for those who didn't use email. The interviewees were selected from startup businesses in the Ninh Kieu, Cai Rang, Binh Thuy, and O Mon districts of Can Tho city. The survey targeted employees from both production and administrative departments across 24 businesses. In total, 312 employees were surveyed in this study, with interviews conducted from June to August 2023. The research model used in this study consisted of 8 main factors with 36 variables. According to previous research by Hair et al. (1998), the recommended sample size for such studies is at least five times the total number of variables observed. This is an appropriate sample size for studies using convergence analysis (Comrey, 1973; Roger, 2006). In this case, that would be $36 * 5 = 180$ observations. Therefore, with a survey sample size of 312, the study is well-represented and its findings can be generalized effectively.

Given that the research model involved multidimensional constructs such as Transformational Leadership Style and Job Performance Outcomes, a Disjoint Two-stage Approach (Agarwal & Karahanna, 2000; Becker et al., 2012) was chosen within the Partial Least Squares Structural Equation Modeling (PLS-SEM) framework to handle higher-order constructs. PLS-SEM is a testing method that effectively explains relationships between dependent and latent variables (Hair et al., 2010), whereas traditional methods such as exploratory factor analysis and regression cannot elucidate relationships of latent variables. Moreover, the PLS-SEM model is advantageous for theory development in exploratory research, particularly when there are new latent or observed variables (Hair et al., 2017). Additionally, one of the significant advantages of PLS-SEM is its ability to handle complex models with multiple relationships, as well as effectively manage causal or formative measurement models.

Table 1 Distribution of survey sample

Criteria	Frequency	Percentage (%)
Age		
24 – 29 years old	91	29.2
30 – 35 years old	76	24.3
36 – 41 years old	62	19.9
42 – 47 years old	49	15.7
Over 47 years old	34	10.9
Job position		
Production Department	103	33.0
Office	76	24.4
Sales Department	94	30.1
Marketing – Customer Care Department	39	12.5
Field of enterprises		
Agriculture - Aquaculture	137	43.9
Industry & Construction	57	18.3
Commerce, services	118	37.8
Total	312	100.0

5. Research results

5.1 Results of PLS SEM (Step 1)

Convergence and reliability values

The assessment of convergence values of latent variables is based on the outer loading coefficients and the Average Variance Extracted (AVE). According to Fornell and Larcker (1981), the total extracted variance AVE should be equal to or greater than 0.5 to meet the requirement, meaning that the latent variable can explain more than half of its variance on average. If the AVE is less than 0.5, the factor or latent variable is typically considered for removal from the research model. Additionally, the reliability of the measurement scale is assessed using two representative indices: Composite Reliability (CR) and individual factor loading (Outer Loading). Accordingly, for reliability testing, if CR results are above 0.7 and Outer Loading > 0.4 , the model's reliability is considered acceptable (Hair et al., 2014). The analysis results show that all factors meet the conditions of variance extraction greater than 0.5 (factors in the model have extracted variance ranging from 0.626 to 0.897); CR greater than 0.7 (factors in the model have CR ranging from 0.769 to 0.952); Outer Loadings > 0.4 (observed variables in the model have CR ranging from 0.746 to 0.937), so all factors meet the requirements for reliability and convergence.

Discriminant validity

According to Henseler et al. (2009), discriminant validity is the extent to which the concept of a specific latent variable is distinct from the concepts of other latent variables. The results show that the square root of the average variance extracted (AVE) for each factor is greater than the correlations between the corresponding variables. Thus, the concepts in the study achieve discriminant validity (Fornell & Larcker, 1981). The analysis results indicate that all square roots of AVE are higher than 0.5 (ranging from 0.713 to 0.857), meeting the requirement. Within each factor, the square root of AVE is higher than the correlation coefficients of other factors in the same column. Therefore, all factors achieve discriminant validity. Additionally, the Variance Inflation Factor (VIF) values for the observed variables range from 1.142 to 3.104 (less than 10), indicating no multicollinearity among the variables (Hair et al., 2014).

Model assessment

According to Hu and Bentler (1999), the standardized root mean square residual (SRMR) should be less than 0.08 or 0.1 for the model to be considered acceptable. Additionally, Henseler et al. (2014) suggest that SRMR can serve as a goodness-of-fit index for PLS-SEM models, helping to avoid parameter distortion in the model. Therefore, with an SRMR value of 0.037, which is less than 0.1, the research model is deemed appropriate for the study area in Can Tho city.

In the research model, the dependent variables comprise Job Creativity, Assigned Job Performance Outcomes, and Emergent Job Performance Outcomes. The independent variables consist of first-order latent variables including Exemplary Traits, Exemplary Behaviors, Inspirational Motivation, Intellectual Stimulation, and Individualized Consideration. Through analyzing the influence of first-order latent variables on the dependent variables, it is evident that the first-order latent variables composing Transformational leadership style and Job Creativity explain 52.7% of the variance in Assigned Job Performance Outcomes and 48.2% of the variance in Emergent Job Performance Outcomes. Additionally, the first-order latent variables forming Transformational leadership style also account for 63.6% of the variance in Job Creativity.

Bootstrapping

In order to extend the research findings to the population, the model's reliability needs to be re-evaluated. The authors utilized bootstrapping technique with a resample size of 3,000 observations ($n = 3,000$) from the original sample size of 312 observations. Assessing the confidence level of bootstrapping at 95%, the results indicate that the confidence interval from 2.5% to 97.5% does not

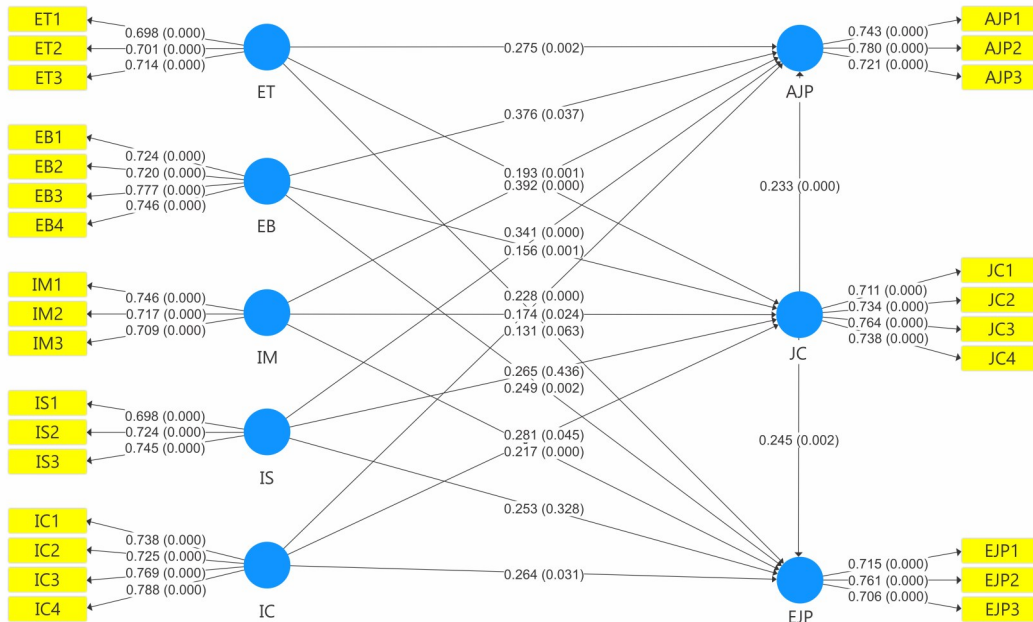


Figure 2 Results of PLS-SEM (Step 1)

contain any values greater than 1. Therefore, the model's differentiation is ensured, and the estimates within the model can be deemed reliable (Garson, 2016).

Table 2 Results of the PLS-SEM model (Step 1)

Relationship	Hypothesis	Original weight	P value	Result
ET → JC	H1.1	0.392	0.000	Accepted
EB → JC	H1.2	0.156	0.001	Accepted
IM → JC	H1.3	0.174	0.024	Accepted
IS → JC	H1.4	0.265	0.436	Rejected
IC → JC	H1.5	0.281	0.045	Accepted
ET → AJP	H2.1	0.275	0.002	Accepted
EB → AJP	H2.2	0.376	0.037	Accepted
IM → AJP	H2.3	0.193	0.001	Accepted
IS → AJP	H2.4	0.341	0.000	Accepted
IC → AJP	H2.5	0.228	0.000	Accepted
ET → EJP	H2.6	0.131	0.063	Rejected
EB → EJP	H2.7	0.249	0.002	Accepted
IM → EJP	H2.8	0.217	0.000	Accepted
IS → EJP	H2.9	0.253	0.328	Rejected
IC → EJP	H2.10	0.264	0.031	Accepted
JC → AJP	H3.1	0.233	0.000	Accepted
JC → EJP	H3.2	0.245	0.002	Accepted

When considering the factors comprising Transformational leadership style on Job Creativity, the results indicate that out of the 5 constituent factors, 4 factors have a significant positive impact on Job Creativity. These factors are Exemplary Traits, Individualized Consideration, Inspirational Motivation, and finally, Exemplary Behaviors. This finding underscores the importance of various aspects of Transformational leadership style in fostering Job Creativity among employees in Vietnamese startup enterprises. Particularly, traits such as setting a positive example, providing individualized support and consideration, and inspiring motivation are crucial for enhancing employees' creative abilities.

Moreover, the significance of exemplary behaviors in driving Job Creativity highlights the role of leaders in actively engaging in behaviors that stimulate creativity and innovation within the workplace. By recognizing the influence of Transformational leadership style on Job Creativity, organizations can focus on cultivating leadership practices that not only support employee development but also foster a conducive environment for creativity and innovation. This aligns with the growing emphasis on the role of leadership in promoting a culture of creativity and innovation, which ultimately contributes to the long-term success and competitiveness of organizations.

The research findings indicate that all five factors comprising the Transformational Leadership Style positively influence Assigned Job Performance Outcomes at a significance level of 5%. Among them, Exemplary Behaviors exhibit the strongest impact on Assigned Job Performance Outcomes (original weight = 0.376). Following that are Intellectual Stimulation, Exemplary Traits, Individualized Consideration, and Inspirational Motivation, in descending order of impact. Additionally, Job Creativity also demonstrates a positive influence on Assigned Job Performance Outcomes with a P value of 0.000 and an original weight of 0.233. This result underscores the significance of Transformational Leadership Style components in fostering improved Assigned Job Performance Outcomes. Specifically, the substantial impact of Exemplary Behaviors highlights the importance of leaders exhibiting exemplary conduct and setting a strong example for their subordinates. Intellectual Stimulation also emerges as a notable factor, suggesting that leaders who stimulate intellectual curiosity and encourage innovative thinking among employees contribute significantly to enhanced Assigned Job Performance Outcomes. Moreover, the positive influence of Job Creativity on Assigned Job Performance Outcomes underscores the vital role of creativity in the workplace. This implies that fostering a creative work environment and encouraging employees to explore innovative solutions can lead to tangible improvements in Assigned Job Performance Outcomes. Overall, these findings emphasize the importance of Transformational Leadership Style and Job Creativity in driving positive Assigned Job Performance Outcomes within the organization. Leaders should focus on cultivating a supportive and innovative work culture while demonstrating exemplary behaviors to inspire and motivate employees towards achieving higher Assigned Job Performance levels.

In terms of factors influencing Emergent Job Performance Outcomes, among the 5 factors comprising Transformational leadership style, 3 factors have a significant positive impact on Emergent Job Performance Outcomes at a 5% level of significance. These factors include Exemplary Behaviors, Inspirational Motivation, and Individualized Consideration. Additionally, Job Creativity also positively influences Emergent Job Performance Outcomes with a P-value of 0.002. This finding suggests that certain aspects of Transformational leadership style, particularly exemplified by behaviors that inspire, motivate, and consider individual needs, play a crucial role in fostering Emergent Job Performance Outcomes among employees in Vietnamese startup enterprises. Furthermore, the positive impact of Job Creativity on Emergent Job Performance Outcomes underscores the importance of fostering a creative work environment where employees are encouraged to generate innovative ideas and approaches to their tasks. Overall, these results highlight the significance of leadership style and creativity in driving emergent job performance outcomes, emphasizing the need for organizations to cultivate a supportive and innovative workplace culture.

5.2 Results of PLS SEM (Step 2)

After conducting the PLS-SEM in Step 1 with the independent variables being first-order latent variables, Step 2 of PLS-SEM was carried out with the independent variables being second-order latent variables in the proposed research model comprising Transformational Leadership Style, Job Creativity, and Job Performance Outcomes. The observed variables measuring the second-order latent variables were derived from the latent variable scores extracted from Step 1.

Convergence and reliability values

The analysis results indicate that all factors in the model meet the criteria for an average variance

extracted (AVE) greater than 0.5 (with factors in the model having AVE ranging from 0.542 to 0.657); composite reliability (CR) greater than 0.7 (with factors in the model having CR ranging from 0.828 to 0.893); and Outer Loadings > 0.4 (with observed variables in the model having loadings ranging from 0.776 to 0.874). Thus, all factors meet the requirements for reliability and convergence.

Discriminant validity

The analysis results indicate that all square roots of AVE values are higher than 0.5 (ranging from 0.736 to 0.913), meeting the criteria. Within each factor, the square roots of AVE values are higher than the correlation coefficients of other factors in the same column. Therefore, all factors achieve differentiation. Additionally, the variance inflation factor (VIF) values for observed variables range from 1.161 to 1.704 (less than 10), indicating no multicollinearity among the variables (Hair et al., 2014).

Model Assessment

According to Hu and Bentler (1999), the Standardized Root Mean Square Residual (SRMR) index should be less than 0.08 or 0.1. Additionally, Henseler et al. (2014) suggest that the SRMR index serves as a measure of Goodness of Fit for PLS-SEM models, aiding in avoiding parameter distortion in the model. Therefore, with an SRMR value of 0.03, which is less than 0.1, the research model is deemed suitable for the study area in Can Tho city.

Furthermore, through the analysis of the influence levels, it is observed that the Transformational Leadership Style explains 49.5% of the variance in Job Creativity at a statistically significant level of 5%. Additionally, Transformational Leadership Style and Job Creativity together account for 58.9% of the variance in Job Performance Outcomes.

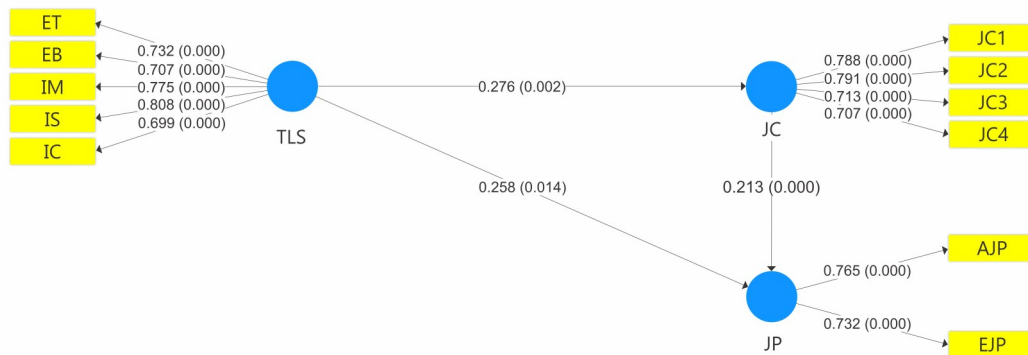


Figure 3 Results of PLS-SEM (Step 2)

Bootstrapping

The estimated model results in Table 3 indicate that all three relationships under consideration are statistically significant at the 5% level. Therefore, all three proposed research hypotheses are accepted.

Table 3 Results of the PLS-SEM model (Step 2)

Relationship	Hypothesis	Original weight	P value	Result
TLS → JC	H1	0.276	0.002	Accepted
TLS → JP	H2	0.258	0.014	Accepted
JC → JP	H3	0.213	0.000	Accepted

The research results presented in this study are consistent with prior literature regarding the positive influence of Transformational Leadership Style on Job Creativity among employees in Vietnamese startup enterprises. Similar to previous research findings, this study demonstrates that Transformational Leadership Style has a significant and positive impact on Job Creativity, highlighting the role of exemplary traits, exemplary behaviors, inspirational motivation, and individualized consideration as

key factors contributing to fostering creativity among employees. The findings of this study align with existing literature, which suggests that transformational leaders create an environment conducive to creativity by encouraging risk-taking, supporting innovative thinking, and providing individualized support to employees (Khalili, 2016; Bandura, 1995). Additionally, experimental studies have consistently shown a positive relationship between transformational leadership and organizational innovation, underscoring the importance of intellectual stimulation and inspirational motivation in promoting creativity (Gumusluoglu & Ilsev, 2009; Keller, 2008; Udin et al., 2017).

Moreover, the research results of this study align with previous findings regarding the positive impact of Transformational Leadership Style on Job Performance Outcomes (Smith et al., 2018; Brown & Posner, 2001; Lai et al., 2020; Jaroliya & Gyanchandani, 2022). Like earlier research, this study confirms that Transformational Leadership Style significantly influences both Assigned Job Performance Outcomes and Emergent Job Performance Outcomes among employees in Vietnamese startup enterprises. One similarity with prior studies is the acknowledgment of the transformative effect of leadership behavior on employee performance across various organizational contexts (Avolio et al., 1999; Choudhary et al., 2013). The observed positive relationship between Transformational Leadership Style and Job Performance Outcomes resonates with findings from studies in different industries and sectors, underscoring the universal applicability of transformational leadership principles.

Simultaneously, the findings of this study also indicate that Job Creativity positively influences Job Performance Outcomes of Employees overall, including both Assigned Job Performance Outcomes and Emergent Job Performance Outcomes. Comparing these findings with previous research, there is consistency in the understanding of the positive relationship between Job Creativity and Job Performance Outcomes, corroborating the importance of fostering creativity in employees for achieving favorable performance outcomes (Demerouti & Cropanzano, 2010; Asad et al., 2021). The relationship between Job Creativity and Job Performance Outcomes, as well as the overall effectiveness of the organization, has been examined and confirmed in various studies at the aggregate level, such as those by Kurniawati & Siahaan (2021), Ali & Jin (2022), and Lua et al. (2023).

However, one noteworthy aspect of this study is its specific focus on Vietnamese startup enterprises. While previous research has established the link between transformational leadership and job performance in diverse settings, this study contributes by examining this relationship within the unique context of startup ventures in Vietnam. By doing so, it sheds light on how transformational leadership practices operate within the dynamic and rapidly evolving environment of startup enterprises, offering valuable insights for organizational leadership and management in this specific context. Additionally, this study extends the understanding of Transformational Leadership Style by analyzing its impact on both Assigned Job Performance Outcomes and Emergent Job Performance Outcomes separately. While prior research has often explored the overall influence of transformational leadership on job performance, this study delves deeper into the specific dimensions of performance outcomes, providing a nuanced understanding of how transformational leadership behaviors translate into tangible performance results among employees.

6. Conclusion

In conclusion, this study investigated the relationship between Transformational Leadership Style, Job Creativity, and Job Performance Outcomes among employees in Vietnamese startup enterprises. The findings revealed that Transformational Leadership Style positively influences Job Creativity, which in turn impacts Job Performance Outcomes, including both Assigned Job Performance Outcomes and Emergent Job Performance Outcomes. These results align with previous research highlighting the importance of transformational leadership in fostering creativity and enhancing overall job performance. Additionally, the study contributes to the literature by offering insights into the specific context of startup enterprises, emphasizing the significance of creativity in driving performance outcomes in emerging businesses. Moving forward, organizations, especially startups, should prioritize

the development of transformational leadership qualities and cultivate a creative work environment to optimize employee performance and achieve sustainable growth.

However, this study also has several limitations stemming from both objective and subjective factors. Firstly, the study focused solely on the perceptions of employees, neglecting the perspectives of other stakeholders such as managers or customers. Secondly, this study has not considered potential moderating variables (such as psychological empowerment and intrinsic motivation) and possible mediating mechanisms (like employee creativity) that should be explored. Thirdly, the research was conducted within a specific cultural and organizational context, limiting the generalizability of the results to other settings.

Future studies could address these limitations by employing mixed-methods approaches to triangulate findings and capture a more comprehensive understanding of the phenomenon. Additionally, investigating the role of contextual factors such as organizational culture, industry dynamics, and market conditions could provide deeper insights into the mechanisms underlying the relationship between leadership, creativity, and performance outcomes. Moreover, longitudinal studies could explore the long-term impact of transformational leadership on organizational success and sustainability. Overall, addressing these limitations and exploring new avenues of inquiry will advance our understanding of the complex dynamics at play in startup enterprises and contribute to the development of effective leadership strategies for fostering creativity and enhancing performance outcomes.

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