


Chapter 12

Influence of Leadership Styles on Innovation

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ABSTRACT

The styles through which leaders lead their organizations determine their achievement of innovative business growth. The innovative qualities of transformational leadership emerge from its employee empowerment and risk-taking promotion approaches. The primary strength of transactional leadership lies in maintaining structures while reaching goals yet it impedes the development of revolutionary innovations. As a leadership approach servant leadership works to create a direct connection between wellness benefits for employees together with trust development which builds an environment that lets ideas flourish. Team-based creativity gets a boost through employee-driven decision-making supported by democratic leadership. Liassz-faire leadership provides employees free space but does not offer clear guidelines that could interfere with innovation processes. Leaders who use adaptive techniques to combine leadership approaches according to market requirements drive both major transformative ideas and moderate innovations that lead to enduring market success.

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INTRODUCTION

Leadership is very important in creating a setting that will spark off creativity as well as risks amongst the employees. The success is highly dependent on the way leaders change the culture of the workplace, which affects the employees' behavior and innovations. Leadership styles are parameters that define how employees relate to organizational targets and environment. As opposed to transformational leadership's focus on employee-centred motivation, transactional leadership depends on rewards and penalties on performance, which could inhibit creativity since it would require completing tasks. Knowledge on the way the various leadership styles affect innovation is vital to make modern business successful.

First proposed by James MacGregor Burns (1978), transformational leadership has been attributed far and wide for its capability to drive innovation. Transformational leaders influence their workforce through appealing visions that make employees focus more on the success of the organization rather than personal interests. Bass (1990) observes that these leaders ensure that there is a creative problem-solving attitude by embracing visionary leadership and enthusiasm. However, Avolio and Bass (2004) caution that vision without any clear direction may lead to confusions among the employees. Recent researches point out that the transformational leadership remains significant for dynamic and complex business world, while stressing emotional intelligence and adapting capabilities of leaders as crucial for cultivation of creativity (Smith et al, 2022). (Chen & Lee, 2023; Garcia & Patel, 2024). For instance, the transformational leadership demonstrated by Satya Nadella at Microsoft spearheaded a cultural revival at the firm which precipitated innovation in the field of cloud computing and AI as well as the renewed market leadership.

Transactional leadership has been described by Burns (1978) as ensuring stability of organizations through organized systems of rewards that are performance based. This style of leadership is very good at short-term objectives and efficiency on operations but not suited to radical innovations. Previous studies (Judge & Piccolo, 2004; Royer, 2008; Kumar & Zhao, 2021) and recent reviews (Kumar & Zhao, 2021;) have also shown that. It is confirmed to be strong in routine, regulated settings, but not so strong in encouraging creativity (Martinez et al., 2023). Toyota's famous production system is a model of leadership that follows process discipline, making gradual improvements, leading to constant innovation. Hybrid leadership styles that combine transactional rigour with transformational excitement have proven to have potential in attuning operational efficiency and creative exploration (Johnson & Nguyen, 2022).

Greenleaf (1977) came up with the concept of servant leadership, which focuses on the employees' well-being, humility and empowerment. With this practice, trust and psychological safety are developed to produce supporting cultures that

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