

The Mediating Effect of Employee Creativity on the Relationship between Situational Leadership and Marketing Innovation in the Malaysian Retail Industry.

Anitha Devi Rathakrisnan¹, Haliza Mohd Said^{2*}, James George³, Isvariya Viaran⁴, Preiyangka Muthusamy⁵

Faculty of Business, UNITAR International University, Jalan SS6/3 Kelana Jaya, 47301 Petaling Jaya, Selangor, Malaysia

DOI: <https://doi.org/10.47772/IJRISS.2026.100800465>

Received: 21 August 2026; Accepted: 26 August 2026; Published: 08 September 2026

ABSTRACT

The main objective of the study is to examine the effect of situational leadership on marketing innovation in the Malaysian retail industry, particularly through the mediating role of employee creativity. Grounded in Situational Leadership Theory and Componential Theory of Creativity, the study adopts a quantitative research design with a cross-sectional approach. A non-probability sampling design using purposive sampling was employed to select full-time retail workers located in Klang Valley area, resulting in a final sample of 398 valid responses analyzed using IBM SPSS Statistics. The findings provide strong empirical support for all four hypotheses, indicating that situational leadership has a positive and significant relationship with both marketing innovation ($r = 0.518$) and employee creativity ($r = 0.597$), while employee creativity shows a strong relationship with marketing innovation ($r = 0.737$). More importantly, mediation analysis confirms that employee creativity acts as a full mediator (H4), suggesting that leadership adaptability does not directly enhance innovation but instead fosters a supportive environment that promotes creative behaviors necessary for marketing breakthroughs (indirect effect = 0.4233). In conclusion, while the study underscores the importance of adaptive leadership in the retail sector, future research should consider longitudinal designs and expand the geographical and industrial scope to sectors such as banking and hospitality to further validate these causal relationships.

Keywords: Employee Creativity, Marketing Innovation, Retail Industry, Situational Leadership, Componential Theory of Creativity.

INTRODUCTION

The retailing industry is being reshaped towards a non-traditional transactional approach to experience data-driven formats, which is determined by technologies like hyper-personalization and AI. A recent study in 2024 by Deloitte found 80% of consumers preferred personalized shopping experiences, but there was a gap in flexibility where retailers are not providing consumers with personalized shopping (Deloitte Industry Outlook, 2024). The retail sector in Malaysia is highly competitive with a value of RM69 billion towards the end of 2025 as the cost of operation increases, and low prices of imports on imports. Marketers are moving towards innovations such as Tik Tok Shop and retail price point to survive and the volume of transactions reached RM322 billion. Nevertheless, it is the creativity of human capital employees that is the key to innovation success.

Situational leadership enables the leader to be flexible in guiding, supporting or delegating employees according to their preparedness and align leadership with the needs of the workforce to promote creativity that is necessary in the fast-paced retailing environment to ensure innovativeness. Innovation in marketing can make organizations survive, and most retailers find it difficult to respond to the increasing need of customized digital customer experiences, particularly with the threat posed by global e-commerce. The lack of innovativeness can threaten the Malaysian retailers with the loss of customers and competitiveness. Though there is emphasis to technology, the human/leadership element is not addressed. There is a research gap on the role of situational leadership in marketing innovation and mediating role of employee creativity, particularly in the Malaysian retail market, where most of the previous studies have concentrated on transformational or transactional leadership.

This research aim (RO1) to examine the relationship between situational leadership and marketing innovation; (RO2) to examine the relationship between situational leadership and employee creativity; (RO3) to investigate the relationship between employee creativity and marketing innovation; and (RO4) to investigate whether there is a mediation effect of employee creativity on the relationship between situational leadership and marketing innovation. Therefore, the study attempts to answer the following questions:

1. RQ1: What is the relationship between situational leadership and marketing innovation?
2. RQ2: What is the relationship between situational leadership and employee creativity?
3. RQ3: What is the relationship between employee creativity and marketing innovation?
4. RQ4: Is there a mediation effect between situational leadership and marketing innovation through employee creativity?

LITERATURE REVIEW

Marketing innovation is defined as the adoption of new marketing techniques which are new product design, price, promotion and distribution techniques that enhance customer value and performance in organisations (OECD, 2018). The retail sector is a highly dynamic market due to the fast pace of technological advancement and changing customer demands, where marketing innovation is the only key to a competitive advantage and success in the long-term perspective (Kumar & Reinartz, 2016). Recent studies have highlighted that strategic leadership behaviours may affect the outcomes of innovation, such as marketing innovation, by influencing employee behaviours and organizational processes to achieve innovative objectives. Even though there are recent studies that pay attention to particular leadership styles such as e-leadership and their influence on more widespread innovations (such as strategic innovation in the workplace), they emphasize the significance of leadership in overall innovation performance (Carroll and Conboy, 2024).

Situational Leadership was introduced by Hersey and Blanchard (1969) and it suggests that the key to successful leadership lies in how leaders can adjust their behaviors in response to the competence and commitment of the employees. The theory recognizes four styles of leadership namely directing, coaching, supporting and delegating that allows leaders to offer the right guidance and support according to the readiness of the employees.

As Northouse (2022) pointed out, adaptive leadership increases employee engagement and organizational flexibility, which is highly important in dynamic environments, like retail. Situational leaders can promote motivation and empowerment by modifying leadership strategies to the unique needs of employees, which are critical to influence creative behaviors. The past research has revealed that flexible leadership practices have a positive impact on performance related to innovation because they provide supportive work environments (Jung et al., 2003). Thus, situational leadership is considered as the independent variable that can affect the creativity of employees and marketing innovation.

Employee Creativity is the capacity of the employees to produce new and valuable ideas that can lead to organizational enhancement and innovation (Amabile, 1996). It is a common belief that innovation is based on creativity as employees generate creative ideas, which are the basis of innovation. In retail companies, innovative workers offer their suggestions concerning promotions, refinements in customer service, and merchandising. Based on this, the conceptualization of employee creativity is as the mediating variable in explaining the relationship between situational leadership and marketing innovation.

According to available literature, situational leadership has a direct and indirect effect on marketing innovation, based on the creativity of the employees. The practices of adaptive leadership make employees creative, who, in turn, promote innovative marketing practices. This mediating role emphasizes the need to develop creative employees in order to attain sustainable innovation in the retail sector (Amabile, 1996; Jung et al., 2003; OECD, 2018).

Situational Leadership and Marketing Innovation

According to the Situational Leadership Theory, leaders improve organizational performance by adjusting their leadership behaviors depending on the competence and commitment of employees (Hersey and Blanchard, 1969). The adaptable

leadership in dynamic settings like the retail business will be vital in creating innovation as employees need different degrees of guidance and encouragement. According to recent research, adaptive leadership styles have a positive impact on the outcome of innovation, through the establishment of flexible and enabling organizational environments (Carroll & Conboy, 2024). Especially, leadership support and direction are crucial in marketing innovation, which encompasses adopting new marketing practices, promotional tactics, and practices in customer engagement (Kumar & Reinartz, 2016). Leadership philosophies and worker productivity in general leads to leadership styles in employee performance across various settings and industries (Mohamad Nor et al. 2025). Thus, situational leadership will have a direct impact on marketing innovation.

Situational Leadership and Employee Creativity

Employee creativity is fundamental to innovation, as it represents the generation of novel and useful ideas that can be transformed into innovative practices. Leadership plays a crucial role in shaping employees' creative behaviors by providing appropriate support, autonomy, and motivation. Adaptive leadership styles that respond to employees' needs enhance psychological safety and encourage idea sharing, thereby promoting creativity (Zhang, 2025). Carroll and Conboy (2024) further highlighted that leadership adaptability fosters an environment conducive to creative problem-solving. Leadership styles can adapt to the preferences of different generations of employees in order to promote employee engagement (Mohd Said et al. 2025). Based on these findings, situational leadership is expected to positively influence employee creativity.

Employee Creativity and Marketing Innovation

Creativity among employees is a key antecedent to innovation because the innovative outputs are based on creativity. Creative employees in the retail organizations also aid in marketing innovation; therefore, they help in innovating new promotional strategies, ways of engaging with customers and service enhancements. According to recent studies, the level of organizational innovation performance can be significantly boosted by the creativity of employees (Kumar et al., 2021; Zhang, 2025). The increased employee creativity is therefore likely to result in greater marketing innovativeness.

Mediating Role of Employee Creativity

Leadership plays a role in innovation both directly and indirectly by acting at the employee level. Employee creativity has been pointed out as a major mediator which elucidates the transformation of leadership behaviors to innovation outcomes. Adaptive leadership practices stimulate creativity through the promotion of autonomy, trust and motivation that in turn promotes innovative activities (Zhang, 2025). Carroll and Conboy (2024) also stressed the mediating processes in the relationship between leadership and innovation. In line with this, employee creativity is hypothesized to mediate the situational leadership-marketing innovation relationship.

In conclusion, situational leadership has a positive impact on marketing innovation in direct and indirect ways via the creativity of the employees. This study seeks to fill this gap by incorporating these relationships into one conceptual framework and subsequently offer a better insight into how adaptive leadership practices nurture creativity and lead to marketing innovation within the retail sector.

Underpinning Theories

Theoretically, this study is based on two underlying theories that explain how leadership behavior influences employees' creativity and how such creativity shapes marketing innovation in retail firms. This theoretical basis will support the framework of this proposed research and the development of hypotheses.

The independent variable for the present study is situational leadership, which is grounded in the Situational Leadership Theory (SLT) by Hersey and Blanchard (1969). Leadership effectiveness in SLT is based on the idea that leadership behaviours are adapted to employee's levels of competence and commitment a clear-cut, fixed leadership style does not account.

The concept also identifies four styles of leadership directing, coaching, supporting and delegating that differ in terms of directive and supportive behaviours. Leaders are then to adopt the style that is most appropriate for employee's readiness

levels. This adaptive strategy is even more crucial in the context of the retail sector where there is an array of expertise, skills and motivations among employees and fluctuating consumer behaviour necessitating ad hoc leadership decisions.

In the scope of this research, SLT describes how adaptive leadership actions may foster a strong and empowering organisational atmosphere in which employees feel comfortable to suggest ideas or explore solutions from a creative, open-ended perspective. Through the integration of leadership behaviours with employee readiness, situational leaders foster psychological safety, motivation and autonomy conditions necessary for creativity and innovative processes. Accordingly, Situational Leadership Theory is also the theoretical basis for examining the direct influence of situational leadership on marketing innovation and its indirect impact upon the degree of creativity of employees in marketing innovation.

This study uses this information underpinned by Amabile's Componential Theory of Creativity (1996) to prove that employee creativity has a mediating role. In this theory, creativity is defined as the result of a confluence of domain-relevant skills, creativity relevant processes, intrinsic task motivation which can be affected by major factors such as work environment and leadership behaviours.

As Amabile (1996), creativity emerges as an outcome of the interaction of various determinants including managerial support, autonomy, encouragement and feedback it does not stand in a vacuum. Leadership behaviour that delivers on appropriate guidance, recognition and freedom promote employees' intrinsic motivation and willingness to generate new and useful ideas.

In this paper, the authors position employee creativity as a most crucial mediator which converts situational leadership behaviours into marketing innovation outcomes. Situational leadership conditions the workplace by managing direction and support, which in turn strengthens the internal structure of creativity observed by Amabile. Based on the creative ideas of their employees come innovative marketing practices like new promotional strategies, pricing approaches, and customer engagement methods that will be widely used in the retail industry.

METHODOLOGY

This study uses quantitative research design and a cross-section approach, which is suitable for the purpose of the study in order to examine the relationship among variables and to test a hypothesis derived from the established theories. The quantitative approach allows it to objectively measure the situational leadership, creativity of employees, and marketing innovation and to statistically test the mediation effects as proposed in the conceptual framework. A survey questionnaire approach was deployed to gather primary data, which was carried out with a structured questionnaire. The cross-sectional approach design entails gathering data at one point in time which is appropriate for finding out associative relationships between leadership behaviors, creativity and innovation outcomes. In order to test the hypotheses, statistical analyses such as descriptive statistics, reliability and validity testing, and Statistical Package for the Social Sciences (SPSS) software were used.

The target population for this study is the full-time, non-supervisory retail employees who are involved in customer-service and operational roles in selected retail organizations in Klang Valley. These employees have been chosen on the basis that they are directly experiencing the leadership behaviors and are one who actively contribute creative ideas related to service delivery, promotions and customer engagement.

Supervisors and managerial staff were excluded to reduce the self-reporting and role-related bias when assessing leadership behaviors. This approach guarantees that leadership is evaluated from the point of view of the follower, which ties in with Situational Leadership Theory as well as creativity research.

The research is based on primary data, obtained on the basis of a questionnaire, which was self-administered. Primary data are suitable since the important constructs, viz., situational leadership, creativity of employees and innovation in marketing, will be best reflected in the perceptions of employees and their work experience.

Data collection involved a structured questionnaire, based on validated data collection instruments from previous empirical studies. All the items were contextualized to the Malaysian retail setting for improved clarity and relevancy. Situational leadership items are adapted from Hersey and Blanchard's Situational Leadership Theory instruments, as

refined by Graeff (1997) and Thompson and Vecchio (2009). The creativity among the employees was measured based on the scale developed by Zhou and George (2001). Marketing innovation was measured from items adapted from the Oslo Manual guidelines and World Bank Enterprise Innovation Survey (OECD/Eurostat (2018); Oslo Manual 2018). All constructs were measured on a five-point Likert scale from strongly disagree (1) to strongly agree (5). The questionnaire was subdivided into four sections: Section A : Background Information Section B : Situational leadership Section C : Employee creativity Section D : Marketing innovation. The use of a consistent 5-point Likert scale ensured consistency in measuring constructs. The unit of analysis is at individual employee level because each respondent provides data based on their personal experience and observation.

RESULTS

Demographic Profiles

Table 1 below analysed data from 404 questionnaires distributed, out of which 398 are valid and completed responses collected from various retail employees in the Klang Valley.

Table 1 Demographic Profile of Respondents (N = 404)

Characteristic	Category	Frequency (n)	Percentage (%)
Age	Under 25	95	23.5
	25–34	139	34.4
	35–44	101	25.0
	45–54	47	11.6
	55 and above	16	4.0
	No response / invalid	6	1.5
Gender	Female	232	57.4
	Male	164	40.6
	No response	8	2.0
Education	Secondary / STPM / SKM	59	14.6
	Diploma / Foundation	124	30.7
	Bachelor’s Degree	163	40.3
	Postgraduate (Master, MBA)	50	12.4
	No response	8	2.0
Position	Sales / Sales-related	90	22.3
	Cashier	44	10.9
	Customer Service	126	31.2
	Procurement	19	4.7
	Manager / Supervisor	9	2.2
	Admin / HR / Finance	16	4.0
	Technical / Engineering	13	3.2
	Other / Not specified	87	21.5
Tenure	Less than 1 year	86	21.3
	1–3 years	129	31.9

	4–6 years	78	19.3
	More than 6 years	105	26.0
	No response	6	1.5
Outlet Type	Supermarket / Hypermarket	53	13.1
	Fashion / Retail Apparel	94	23.3
	Convenience Store	31	7.7
	Specialty Store	30	7.4
	Electronics Appliances	59	14.6
	Hospitality / F&B / Tourism	14	3.5
	Healthcare / Medical	12	3.0
	Finance / Insurance	10	2.5
	Other / Not specified	101	25.0

Note. N = 404. Percentages may not total 100% due to rounding and non-responses.

Based on Table 2, Pearson correlation results indicate that all variables are positively and significantly related at the 0.01 significance level. The strongest relationship is observed between Employee Creativity and Marketing Innovation ($r = 0.68$, $p < 0.001$), indicating a very strong positive relationship. This suggests that higher levels of employee creativity are associated with higher levels of marketing innovation. A strong positive relationship is also found between Situational Leadership and Employee Creativity ($r = 0.60$, $p < 0.001$), indicating that adaptive leadership contributes to increased employee creativity. In addition, Situational Leadership and Marketing Innovation ($r = 0.46$, $p < 0.001$) show a moderate positive relationship, suggesting that leadership has a meaningful influence on innovation outcomes. Since the data meets the assumptions for parametric analysis, Pearson correlation is used, and Spearman correlation is not applied.

Table 2 : Pearson's Correlation Results

Correlations				
		Situational_Leadership	Employee_Creativity	Marketing_Innovation
Situational_Leadership	Pearson Correlation	1	.602**	.464**
	Sig. (2-tailed)		.000	.000
	N	398	398	398
Employee_Creativity	Pearson Correlation	.602**	1	.688**
	Sig. (2-tailed)	.000		.000
	N	398	398	398

Marketing_Innovation	Pearson Correlation	.464**	.688**	1
	Sig. (2-tailed)	.000	.000	
	N	398	398	398
**. Correlation is significant at the 0.01 level (2-tailed).				

Mediation Analysis - Regression Analysis

The regression results provide strong evidence in addressing RQ4, which examines whether employee creativity (EC) mediates the relationship between situational leadership (SL) and marketing innovation (MI). The mediation analysis was conducted to assess the total, direct, and indirect effects of Situational Leadership on Marketing Innovation through Employee Creativity.

As presented in Table 3, the total effect of Situational Leadership on Marketing Innovation is 0.5091 ($p < 0.05$), indicating that Situational Leadership has a significant overall influence on Marketing Innovation. However, when Employee Creativity is included as a mediator, the direct effect of Situational Leadership on Marketing Innovation decreases to 0.0858 ($p = 0.0865$), which is not statistically significant at the 0.05 level.

The results indicate that the direct effect becomes non-significant ($\beta = 0.0858$, $p = 0.0865$) while the indirect effect remains significant ($\beta = 0.4233$), confirming that employee creativity fully mediates the relationship between situational leadership and marketing innovation.

These findings suggest that Employee Creativity fully mediates the relationship between Situational Leadership and Marketing Innovation, as the direct effect becomes insignificant after the inclusion of the mediator. Therefore, it can be concluded that Situational Leadership influences Marketing Innovation primarily through its impact on Employee Creativity.

Table 3 : Mediation Analysis on whether employee creativity mediation situational leadership and marketing innovation

Relationship	Total Effect	Direct Effect	Indirect Effect	Confidence Interval		t-statistics	Conclusion
				Lower Bound	Upper Bound		
IV>MV>DV	0.5091 (0.0000)	0.0858 (0.0865)	0.4233	0.3254	0.5311	1.7185	Full Mediation

Note. IV1 = Situational Leadership; DV = Marketing Innovation; MV = Employee Creativity.

DISCUSSION AND CONCLUSION

The primary aim of the research was to explore the connection between situational leadership and marketing innovation within the retail sector. The findings indicated a significant positive correlation between situational leadership and marketing innovation. Regression analysis demonstrated that situational leadership serves as a notable predictor of marketing innovation, evidenced by a standardized beta coefficient of 0.464 and a statistically significant p-value of less than 0.001. This model explained 21.5% of the variance in marketing innovation.

These results imply that when leaders adjust their leadership styles according to the competence and commitment levels of their team members, they foster an environment conducive to innovative marketing practices. In retail and marketing organizations, it is essential for companies to continually refine their strategies regarding product presentation, promotion, pricing, and customer interaction, which underscores the relevance of adaptive leadership in this context. Additionally, this outcome reinforces the principles outlined in Situational Leadership Theory, which posits that effective leadership hinges on a leader's capability to align their behaviour with the readiness of their followers (Wang et al., 2024). Furthermore, it substantiates the study's theoretical assertion regarding the crucial role of leadership in driving innovation performance. In light of these insights, organizations aiming for long-term sustainability and performance excellence need to support leadership development initiatives that integrate emotional intelligence, moral judgment, and employee empowerment (Mohd Said et al., 2025).

The second objective was to examine the relationship between situational leadership and creativity of employees in the retail industry. The results showed that the relationship between situational leadership and the creativity of employees is strong and significantly positive. The regression results indicated a beta value of 0.602, which denote situational leadership was a good predictor of employee's creativity, and the model was able to explain 36.2% of the variation in employee's creativity. This result means that employees are more likely to think creatively and come up with useful ideas if leaders are able to adjust their behaviours to give the right amount of support, direction, encouragement and autonomy. In a retail environment, employees encounter day-to-day operational problems and customer needs which often require practical problem-solving and fresh thinking. Leaders who coach, support and appropriately delegate to employees can foster confidence and motivation, which are required for creativity (Tierney, 2024). This finding is also consistent with the Componential Theory of Creativity which stresses that creativity is affected by environmental conditions such as encouragement, managerial support, and autonomy (Amabile & Mueller, 2024).

The third objective was to examine the relationship between creativity of employees and marketing innovation in the retail industry. The results indicated that there is a strong and statistically significant relationship between employee creativity and marketing innovation. In fact, this was the strongest direct relationship in the study with a beta value of 0.688 and the model explained 47.4% of the variation in marketing innovation. This shows that employee creativity is a key factor of marketing innovation in the retail firms. Creative employees are more likely to come up with ideas that can be translated into new ways of promotion, better customer communication strategies, innovative ideas for pricing, or better ways of presenting the product (Pererva & Myronova, 2023). This supports the opinion that creativity is the basis of innovation. Since the concept of marketing innovation in this study is new or significantly improved marketing methods, the findings indicate clearly that marketing innovation highly depends on the ability of employees to generate original and useful ideas. The resultant is also perfectly aligned to the conceptual framework of the study which placed the role of employee creativity in the pivotal role as a key bridge between leadership and innovation outcomes.

The fourth objective was to identify the mediating effect of employee creativity in the relationship between situational leadership and marketing innovation in the retail industry. Although situational leadership was found to have a significant relationship with marketing innovation, the direct effect became non-significant when creativity of an employee was introduced into the model. At the same time, the creativity of employees was still an important predictor of marketing innovation and the indirect effect was statistically significant. It shows that leadership does not improve marketing innovation only by direct managerial action. Rather, leadership first establishes the conditions that foster employee creativity, and it is this creativity that in turn generates innovative marketing outcomes. In practical terms, leadership adaptability is not sufficient without it being translated in creative behaviour among employees for innovation to take

place. This finding enhances the logic of the study's integrated theoretical framework as an adaptation to the environment is shaped by adaptive leadership, while the mechanism by which innovation is achieved is employee creativity.

There are research limitations in this study as it focused only on the retail industry in the region of Klang Valley, Malaysia. Though this research context is appropriate considering the competitive nature of retail operations in the selected geographical area, the results might not necessarily be generalized to other industries or regions. Secondly, the study employed a cross-sectional research design meaning that data were collected at a single point in time. As a result, this study suffers from certain limitations regarding the drawing of causality conclusions. Thirdly, the data used in the study were derived from self-reports in questionnaire administered to the company's employees. Finally, the selected mediator for use in the conceptual model was limited to employee creativity only.

Judging by the results of the current research, one can offer a number of recommendations to companies particularly in the retail sector to improve marketing creativity by means of effective leadership and fostering employee creativity.

Organizations should adopt leadership training that underscores the necessity of flexibility in the style of leadership. The leaders must be trained to employ situational leadership and modify their style depending on the readiness and capabilities of employees. The employees at junior level such as that would require guidance and coaching, whereas the employees at the senior level would require assistance through delegation. The ability to be flexible by the leaders is the secret to the organizational culture leading to the development of employee confidence and autonomy (Hersey and Blanchard, 1969; Northouse, 2022).

Organizations can develop an organizational environment that encourages creativity in its employees. It achieves this by enabling the flow of information to occur freely within the firm and facilitating the employees' chances of trying themselves through new processes, which can be achieved during normal operation of business. The brainstorming sessions, innovation workshops and suggestion boxes will also be used to encourage creativity. (Amabile, 1996; Tierney, 2024; Farmer & Graen, 2006). Innovations must be discussed not only in the management of higher grades but also in each employee, particularly in those who can closely interact with customers and comprehend their needs and desires. The more efficient marketing innovations could be brought about by inviting the employees in the process of decision making and problem solving. This would allow organizations to have a range of ideas to be collected and they will also be more innovative.

Consequently, organizations are advised to put in place continuous development initiatives that are aimed at enhancing the creativity of employees, their level of innovation as well as their ability to solve problems. To be more specific, they should work out special training programs that will assist their employees with their creativity, which can be exemplified by enhancing their social media and digital marketing skills that are associated with higher sales performance. Such target activities activate not only their innovation potential but also allow employees to participate actively in innovative brand marketing activities. Also, it also presumes the incorporation of the leadership development into the employee training program to enable leadership practices aligned with the skills and knowledge of the workforce (Amabile and Pratt, 2016). It offers a superb environment with this fit that enables creativity to blossom and effectively commercialize into positive organizational outcomes.

Organisations need to formulate clear guidelines to inform the efficient coaching and mentoring strategies with the intention of encouraging employees and boosting creativity. Such instructions must emphasize the degree of support that coaches and mentors give depending on the competency, experience, and desire of an individual to move towards the correct path. Mentors, in particular, should present a greater number of opportunities to provide hands-on assistance, more frequent feedback and organized learning plans to inexperienced workers, but they should provide more autonomy, self-direction and investigative learning to older workers. Such leaders should have the resources necessary to create structured mentoring and coaching initiatives that foster creativity and innovation. This can be achieved through the establishment of developmental milestones, reflective discussions, and safe environments where mentees can freely share their thoughts, challenges, and feedback without any limitations.

This study should be broadened in a number of ways in future. These are recommendations for future research:

First, the research needs to be carried out in various industries, including hospitality, banking, healthcare, and manufacturing, as the question should be answered as to whether the identified relations can be observed in diverse settings. Second, any future study ought to have a broader geographical coverage to include Klang Valley as it would enhance the applicability of the research results to other developing economies as well as Malaysia. Third, it is suggested that future researchers consider such research designs as longitudinal to gain a better insight into the dynamics of leadership, employee creativity, and marketing innovation through time. This would give a more precise understanding of causal relationships as opposed to using cross-sectional information only.

Notably, the mediating factors to be used in future research must include more factors, since more factors explain the process by which leadership enhances creativity and innovation. According to previous literature, organizational culture as a mediator is important in that it defines the willingness of an employee to become an innovator in their psychological empowerment, which is the willingness to be innovative in the approach to tasks and generation of ideas; job autonomy, which enables flexibility in terms of idea generation and execution of tasks; and employee engagement, which facilitates active involvement in the creative processes. Also, knowledge sharing and digital capability can serve as mediating variables, as these interactions promote the collaboration and allow finding innovative solutions in the contemporary working environment. Such mediators may be able to give a more detailed insight into how leadership behavior can be translated into better marketing innovation results.

This research findings have great practical implications for retail managers and organizations:

To managers, the results indicate that leadership cannot be rigid and fixed, but the situation-oriented approach must be applied. Depending on the preparedness, ability and commitment of employees, leaders must change their style accordingly. The employees who need more guidance, direction, and coaching are those who have less experience, and the employees that could be more competent need more support, independence and delegation. Through efficient situational leadership, managers will be able to not just enhance task performance, but also develop a culture of creativity, and this is where employees are motivated to contribute ideas and participate in creative problem solving. In addition, situational leadership is very instrumental in creating an organizational climate that promotes innovation. By using behaviours that satisfy the needs of employees, leaders develop trust, confidence, and psychological safety, which are some of the factors that foster creativity. This dynamic strategy encourages employees to test, be creative, and give new ideas without fear of consequences and blame.

In respect of organizations, the results bring out the need to formulate leadership training programs that put into consideration flexibility and adaptability in leadership behaviour. Retail companies must also be able to create a supportive environment which promotes creativity, this may be in the form of an idea-sharing mediums, innovation-oriented meetings and systematic method of rewarding and recognizing the effort of the employees. Employee creativity is the complete mediating factor on the relationship between leadership and marketing innovation, then organizations that want to improve their marketing performance should not only aim at improving leadership practices but also implementing a creative organizational culture. The results are also useful to employees, policymakers, and educators because they indicate that supportive and adaptive (situational) leadership can help the employees to develop better, increase their innovative abilities, and be more competitive (in the long term), especially in retail-based industries.

ACKNOWLEDGMENTS

The authors would like to express sincere gratitude to all the respondents for their time and invaluable feedback for completing the questionnaires. The authors also wish to thank the supervisor, researchers and examiners for the constructive review and critical input, which greatly contributed to the improvement of the final manuscript. The authors thank UNITAR International University for the support of the publication of this research.

REFERENCES

1. Amabile, T. M. (1996). Creativity in context: Update to "The Social Psychology of Creativity." Westview Press.

2. Amabile, T. M., & Mueller, J. S. (2024). Studying creativity, its processes, and its antecedents: An exploration of the componential theory of creativity. In *Handbook of organizational creativity* (pp. 33-64). Psychology Press.
3. Amabile, T. M., & Pratt, M. G. (2016). The dynamic componential model of creativity and innovation in organizations: Making progress, making meaning. *Research in organizational behavior*, 36, 157-183.
4. Deloitte. 2024. *2024 US Retail Industry Outlook: Looking for Loyalty in All the Right Places*. Deloitte Insights. deloitte.com. <https://www.deloitte.com/us/en/industries/consumer/articles/retail-distribution-industry-outlook.html>
5. Kumar, V., & Reinartz, W. (2016). Creating Enduring Customer Value. *Journal of*
6. *Marketing*, 80(6), 36–68.
7. Farmer, Steven & Graen, George. (2006). An Examination of Leadership and Employee Creativity: The Relevance of Traits and Relationships. *Personnel Psychology*. 52. 591 - 620. 10.1111/j.1744-6570.1999.tb00173.x.
8. Graeff, C.L. (1997) Evolution of Situational Leadership Theory: A Critical Review. *The Leadership Quarterly*, 8, 153-170. [https://doi.org/10.1016/s1048-9843\(97\)90014-x](https://doi.org/10.1016/s1048-9843(97)90014-x)
9. Hersey, P., & Blanchard, K. H. (1969). Managing research and development personnel: An application of leadership theory. *Research Management*, 12(5), 331-338.
10. Jung, D. I., Chow, C., & Wu, A. (2003). The role of transformational leadership in enhancing organizational innovation: Hypotheses and some preliminary findings. *The leadership quarterly*, 14(4-5), 525-544.
11. Ivanna, Pererva & Myronova, Olga. (2023). Use of creative marketing in the implementation of enterprise strategy. *Economics of Development*. 22. 10.57111/econ/2.2023.28.
12. Mohd Said, H., Jobin John, G., Md Rujhan, K. Z., & Mohd Yusof, M. S. (2025). The Impact Of Different Leadership Styles In Selected Energy & Utilities Organizations In Klang Valley: A Moderating Effect Of Employee Acceptance Towards The Success Of Organizational Change. *Asian Journal of Social Science Research*, 7(2), 1–24. <https://doi.org/10.5281/zenodo.18227526>
13. Mohamad Nor, S., May, K. Y., Yen, Y. L., & Binijin, J. V. (2024). A study on the relationship of leadership styles on employees' job performance in SMEs in Klang Valley, Malaysia. *International Journal of Academic Research in Business and Social Sciences*, 14(3), 1–14.
14. Northouse, P. G. (2022). *Leadership: Theory and Practice* (9th ed.). SAGE.
15. Tierney, P. (2024). Leadership and employee creativity. In *Handbook of organizational creativity* (pp. 95-124). Psychology Press. <https://api.taylorfrancis.com/content/chapters/edit/download?identifierName=doi&identifierValue=10.4324/9781003573326-6&type=chapterpdf>
16. O'Connor, M., Conboy, K., Dennehy, D., & Carroll, N. (2024). Temporal complexity in information systems development flow: Challenges and recommendations. *Communications of the Association for Information Systems*, 54(1), 699-735.
17. OECD/Eurostat (2018), *Oslo Manual 2018: Guidelines for Collecting, Reporting and Using Data on Innovation*, 4th Edition, The Measurement of Scientific, Technological and Innovation Activities, OECD Publishing, Paris/Eurostat, Luxembourg. <https://doi.org/10.1787/9789264304604-en>
18. OECD (2018), *OECD Compendium of Productivity Indicators 2018*, OECD Publishing, Paris, <https://doi.org/10.1787/pdtvy-2018-en>.
19. Thompson, G., & Vecchio, R. P. (2009). Situational leadership theory: A test of three versions. *The Leadership Quarterly*, 20(5), 837–848. <https://doi.org/10.1016/j.leaqua.2009.06.014>
20. Wan, X., He, R., Zhang, G., & Zhou, J. (2022). Employee engagement and open service innovation: The roles of creative self-efficacy and employee innovative behaviour. *Frontiers in Psychology*, 13, 921687. <https://www.frontiersin.org/journals/psychology/articles/10.3389/fpsyg.2022.921687/full>
21. Wang X, Liu Y, Peng Z, Li B, Liang Q, Liao S, Liu M. (2024). Situational leadership theory in nursing management: a scoping review. *BMC Nurs*. 2024 Dec 19;23(1):930. doi: 10.1186/s12912-024-02582-9. PMID: 39702117; PMCID: PMC11660562.



-
22. Zhang, Y. (2025). Cultivating a culture of innovation: The impact of leadership style on employee well-being and organizational creativity. *International Journal of Global Economics and Management*, 2(1), 202-210. <https://pdfs.semanticscholar.org/a099/affa88e4ffe953272741c719703f9f4b7d0e.pdf>
 23. Zhou, J., & George, J. M. (2001). When Job Dissatisfaction Leads to Creativity: Encouraging the Expression of Voice. *Academy of Management Journal*, 44, 682-696. <http://dx.doi.org/10.2307/3069410>