


# Transformational leadership, organizational innovation climate, and organizational commitment of the banking industry: Basis for corporate performance improvement framework

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## *Abstract*

The banking industry is at the forefront of economic development, and its performance is pivotal in driving financial stability and growth. This study aimed to determine the relationship among transformational leadership, organizational innovation climate, and organizational commitment of the banking industry as a basis for the formulation of the corporate performance improvement framework. The data gathered both offline and online were evaluated using a quantitative-descriptive method. Findings revealed that there is a significant relationship among transformational leadership, organizational innovation climate, and organizational commitment, and these three variables are found to mutually reinforce and bolster one another positively. Furthermore, based on the findings, the paper proposed a framework for improved corporate performance. Finally, the researcher put forward several recommendations for bank managers on training transformational leadership, creating an organizational innovation climate, and enhancing employee organizational commitment.

**Keywords:** transformational leadership, organizational innovation climate, organizational commitment, banking industry, corporate performance improvement framework

## **Transformational leadership, organizational innovation climate, and organizational commitment of the banking industry: Basis for corporate performance improvement framework**

### **1. Introduction**

With the increasingly fierce market competition and the continuous improvement of industry supervision, China's commercial banks are facing more and more challenges. Employees are the operators of bank operations, so it is urgent to explore how to sharpen the capabilities of commercial banks' staff to improve the competitiveness of banks. In this context, how bank managers can cultivate an organizational innovation climate, motivate employees, and promote their better performance to adapt to market competition is crucial to enhancing the competitiveness of banks. The development of commercial banks is greatly affected by the macro-economy. In the new economic environment, the leaders of commercial banks should further cultivate an organizational innovation climate, enhance employees' organizational commitment, and enhance their work initiative, to promote the better development of banks.

Transformational leadership has emerged as a prominent theme in the realm of Western leadership studies, signifying a novel framework for examining leadership concepts. Bass posits in his 1995 work that the essence of transformational leadership lies in its capacity to help employees recognize the value of their work, evoke a sense of higher aspiration among team members, foster an environment characterized by mutual trust, inspire subordinates to prioritize organizational goals over personal gains, and ultimately surpass their initial performance benchmarks. Xing et al. (2022) believe that the organizational innovation climate, which encompasses the collective perceptions and experiences of its members, plays a crucial role in shaping their innovative actions and exerts a profound influence on the innovative conduct of employees. Li et al.,(2023) believe that the concept of organizational commitment reflects the sentiments and allegiance that employees hold towards their workplace. This concept elucidates the reasons behind employees' desire to remain with the company and serves as a metric to gauge their dedication and allegiance to the organization.

Emerging in the late 1970s, the concept of transformational leadership has gained prominence as a distinctive approach within the realm of management. Scholars have extensively explored its impact on both organizational and employee dynamics during periods of change, affirming its significance in practical management scenarios. This leadership style has been recognized as a vital tool for contemporary organizations navigating through transformative processes. Scholars have carried out extensive practice and exploration on it, further enriched its connotation, and revealed its mechanism of action in the continuous in-depth study, therefore it is necessary to creatively combine transformational leadership with organizational innovation climate and organizational commitment to study ways to improve employee's productivity. The banking industry is a competitive industry in China, and with the increasingly fierce market competition and the continuous improvement of industry supervision, the work pressure of commercial bank employees is gradually increasing. Employees are the operators of bank operations, and job engagement, personal initiative, and well-being of employees are related to their work responsibility and enthusiasm, which will directly affect the overall job productivity of the bank. Therefore, it is urgent to explore the improvement of the job productivity of commercial banks to enhance the market edge of banks.

Regarding transformational leadership, Wang et al.,(2024) collects the matching data of project team leaders and members of national innovative enterprises and concludes that transformational leadership will promote team communication, team reflection, and team experimental behavior, and ultimately enhance team resilience. Wen (2023) makes a meta-analysis examining the link between transformational leadership of different performance types and different team types and team performance, and more accurately evaluates and concludes

that there was a robust positive association found between transformational leadership and team performance. Organizational innovation climate can stimulate employees' organizational commitment to promote employee engagement and improve employee performance Tao (2018). Organizational commitment of bank employees can predict employee turnover rate well, which is related to employees' dismission intention, work efficiency, employee behavior, etc., and then affects the development prospect of the bank. Previous studies have found that the conduct of transformational leadership is linked to the employees' organizational commitment holding towards their organization. As a result, the manner in which leaders in a banking institution conduct themselves is intrinsically tied to the institution's operational success and significantly shapes the nature of engagement between the leadership and the staff. In addition, transformational leadership encourages innovation and change, contributes to the formation of a good organizational innovation climate and a trusting interpersonal relationship, and is conducive to reshaping the organizational structure of the bank, thus enhancing the competitiveness of the bank. Therefore, the paper combines transformational leadership, organizational innovation climate, and organizational commitment to study China's banking industry.

By analyzing the relationship between transformational leadership and the organizational commitment of bank employees, the findings can help understand how transformational leadership behavior will affect bank employees' organizational commitment, as well as the extent of this impact, which can provide a reliable theoretical basis for bank leaders to apply the principles of management or leadership to human resource management. It will provide powerful guidance for banks to develop more scientific and effective management measures, improve the organizational atmosphere of banks, and provide personalized care for bank employees. Secondly, by studying the role of organizational innovation in banks, we can direct the focus of banking executives towards nurturing an environment conducive to innovation within their leadership strategies and managerial actions, thereby enhancing the overall cultural fabric of the banking institution. At the same time, it also helps bank managers to take appropriate measures in the training, strengthen the sensitivity and execution of transformational leadership, and provide management practice guarantee for the enhancement of organizational commitment of bank employees.

**Objectives of the Study** - This study determined the relationship among transformational leadership, organizational innovation climate, and organizational commitment of the banking industry as a basis for the formulation of the corporate performance improvement framework. Specifically, the study determined transformational leadership in terms of individual consideration, idealized influence, inspirational motivation, and intellectual stimulation; determined organizational innovation climate in terms of psychological safety, collaboration, and customer empowerment; assessed organizational commitment in terms of affective commitment, continuance commitment, and normative commitment. The paper also tested the significant relationship among transformational leadership, organizational innovation climate, and organizational commitment; and developed the corporate performance improvement framework.

## 2. Methods

**Research Design** - This paper's outcome was through quantitative analysis method and descriptive analysis method. Quantitative analysis method involves gathering and examining numerical data to yield findings (Snyder et al., 1989). For this research, pertinent data was amassed via both paper-based and digital survey instruments. Descriptive analysis is centered on providing an in-depth portrayal and elucidation of data to reveal the characteristics and patterns of the data (Kemp et al., 2018). Descriptive analysis can help understand the context behind quantitative data, providing richer explanations and insights into research findings. This study, combined with quantitative and descriptive analysis, revealed the relationships between variables and how these relationships affect the phenomena. The results were carried out using the SPSS software.

**Participants of the Study** - The study participants consist of personnel from the top 4 banks in Liaoning province, questionnaires are distributed to 100 employees for each bank. The questionnaires are distributed both offline and online. Before the pre-survey, the researcher seeks several respondents to initiate a pilot survey to do

the preliminary test of the draft questionnaire, a small-scale survey was conducted to ascertain whether participants grasped the terminology utilized in the survey questions. Subsequently, the researcher made necessary modifications to the questions and offered comprehensive clarifications on various concepts to the participants. Then, Questionnaires are distributed both online and offline for the respondents in accordance with the method of random sampling. Since the researcher used to work in the bank in Liaoning Province, China, many of the researcher's co-workers can help the researcher in the distribution process. After collecting questionnaires, several data tests and analyses will be carried out through statistical software, and then the researcher will get results and do further discussion, based on which, the corporate performance improvement framework will be come up with.

***Instruments of the Study*** - The survey instrument utilized is derived from the referenced research of Li et al.,(2005), Adomako et al.,(2023), and Alle et al.,(1990). Part 1 describes transformational leadership in terms of individual consideration, idealized influence, inspirational motivation, and intellectual stimulation. Part 2 describes the organizational innovation climate in terms of psychological safety, collaboration, and customer empowerment. Part 3 describes organizational commitment in terms of affective commitment, continuance commitment, and normative commitment. Each metric is assessed through five queries, with responses quantified on a scale ranging from one to four. The pilot test is conducted to ascertain the reliability of the survey instrument, with a Cronbach Alpha coefficient of 0.956 indicating an excellent result of the reliability test. Specifically, the Cronbach Alpha values of the dimensions of transformational leadership, organizational innovation climate, and organizational commitment are all above 0.8 which means the questionnaire has consistency, stability, and reliability of test results.

***Data Gathering Procedure*** - Data was gathered utilizing a hybrid approach of digital and traditional paper-based surveys. The respondents are the employees of the top 4 banks in Liaoning province. First of all, prior to the extensive dissemination of the survey forms, a small-scale questionnaire was distributed to verify the reliability of the data through questionnaire data outcomes. Then, after the reliability test is passed, the questionnaire is formally distributed to 100 employees for each bank. After collecting the questionnaire data, the research interpreted findings derived from both quantitative analysis and descriptive analysis.

***Data Analysis*** - Weighted mean and rank were employed to articulate the facets of transformational leadership, encompassing individual consideration, idealized influence, inspirational motivation, and intellectual stimulation; to describe organizational innovation climate in terms of psychological safety, collaboration, and customer empowerment; and to describe organizational commitment in terms of affective commitment, continuance commitment, and normative commitment. The output from the Shapiro-Wilk Test indicated that the p-values for all variables were below the 0.05 threshold, signifying that the data did not conform to a normal distribution. Consequently, Spearman's rank correlation coefficient was selected for use in non-parametric analyses to ascertain significant correlations. The statistical analyses were conducted utilizing SPSS software, specifically version 28.

***Ethical Considerations*** - During the study, firstly, the purpose of the survey are clearly communicated to participants, with an assurance that their responses will be maintained with utmost confidentiality. Secondly, the address of the link in the online survey was only available to the selected certain respondents. Third, the questionnaire does not collect respondents' names, identity documents, and other sensitive personal information. Finally, respondents are provided with written informed consent so that they can decide for themselves whether or not to participate in the survey.

### **3. Results and discussion**

As shown in Table 1, the Grand Composite Mean is 3.53, indicating that survey participants strongly agree that their bank's leadership is transformational leadership.

**Table 1**

*Summary Table on Transformational Leadership*

Key Result Areas	Composite Mean	VI	Rank
Individual Consideration	3.45	Agree	4
Idealized Influence	3.54	Strongly Agree	2
Inspirational Motivation	3.48	Agree	3
Intellectual Stimulation	3.64	Strongly Agree	1
Grand Composite Mean	3.53	Strongly Agree	

*Legend: 3.50-4.00=Strongly Agree; 2.50-3.49=Agree; 1.50-2.49=Disagree; 1.00-1.49=Strongly Disagree*

Wang (2020) shows that a transformational leadership style exerts a beneficial influence on the level of employee engagement. Niu (2019) believes that the behavior of leaders or the way of leading employees in an organization will have an impact on employees' attitude towards work and their behaviors in work. Through meta-analysis, Lu (2019) revealed that adopting a transformational leadership approach significantly boosts employee engagement. Wang (2020) designates employees in an organization as research objects and discovered a strong positive link between transformational leadership and the degree of employees' dedication to their work, which can also improve the enthusiasm of employees.

**Table 2**

*Summary Table on Organizational Innovation Climate*

Key Result Areas	Composite Mean	VI	Rank
Psychological Safety	3.43	Agree	3
Collaboration	3.62	Strongly Agree	1
Customer Empowerment	3.58	Strongly Agree	2
Grand Composite Mean	3.54	Strongly Agree	

*Legend: 3.50-4.00=Strongly Agree; 2.50-3.49=Agree; 1.50-2.49=Disagree; 1.00-1.49=Strongly Disagree*

As shown in Table 2, the Grand Composite Mean is 3.54, indicating that survey participants strongly agree that their bank fosters an affirmative organizational innovation climate. A positive organizational innovation climate can stimulate employees' innovation willingness and enthusiasm, hence, they are more inclined to engage in innovative endeavors and put forward new ideas and suggestions (Bi, 2023). This kind of atmosphere can ignite the creative and imaginative faculties of staff, furthering the emergence and evolution of innovative thought processes. Organizational innovation culture can encourage employees to have the courage to try new methods, technologies, and ideas, thereby fostering the emergence of innovative actions. In this atmosphere, employees do not shy away from fear of failure, but dare to take risks and practice. This kind of courage and practical spirit is an important factor in promoting organizational innovation (Chen et al.,2024). The organizational innovation climate can gather the innovation resources of the organization and form a powerful innovation force. In this atmosphere, employees can learn from each other, learn from each other, and encourage each other to form a benign innovation ecology. This kind of ecology can stimulate more innovative inspiration and ideas, and improve the innovation ability and level of the organization (Li, 2018). The organizational innovation climate can improve organizational performance and market competitiveness. Through innovation, companies can craft products and services that resonate more closely with market demands, thereby boosting customer contentment and allegiance (Liu, 2018). At the same time, innovation can also reduce the cost and risk of the organization and improve the profitability and market share of the organization (Mao, 2020).

**Table 3**

*Summary Table on Organizational Commitment*

Key Result Areas	Composite Mean	VI	Rank
Affective Commitment	3.53	Strongly Agree	3
Continuance Commitment	3.58	Strongly Agree	2
Normative Commitment	3.62	Strongly Agree	1
Grand Composite Mean	3.58	Strongly Agree	

*Legend: 3.50-4.00=Strongly Agree; 2.50-3.49=Agree; 1.50-2.49=Disagree; 1.00-1.49=Strongly Disagree*

As shown in Table 3, the Grand Composite Mean is 3.58, indicating that survey participants strongly agree that they have positive organizational commitment to their banks. Organizational Commitment is reflected in employees' emotional bond and loyalty, characterized by their readiness to contribute to the entity's objectives, ideals, and vision, as well as their inclination to retain their association with the organization (Meyer et. al.,1991). By participating in organizational activities and interacting with colleagues, employees gradually associate themselves with the organization and form a common identity. This identity makes employees feel part of the organization, which generates commitment and loyalty to the organization. Through their input and contribution to the organization, employees expect to be rewarded and satisfied by the organization. This reciprocal relationship, founded on mutual advantage, serves as a key incentive for employees to stay in the organization.

**Table 4***Relationship Between Transformational Leadership and Organizational Innovation Climate*

Variables	rho	p-value	Interpretation
<b>Individual Consideration</b>			
Psychological Safety	0.606**	< .001	Highly Significant
Collaboration	0.570**	< .001	Highly Significant
Customer Empowerment	0.111*	0.027	Significant
<b>Idealized Influence</b>			
Psychological Safety	0.614**	< .001	Highly Significant
Collaboration	0.631**	< .001	Highly Significant
Customer Empowerment	-0.127*	0.011	Significant
<b>Inspirational Motivation</b>			
Psychological Safety	0.644**	< .001	Highly Significant
Collaboration	0.757**	< .001	Highly Significant
Customer Empowerment	-0.076	0.129	Not Significant
<b>Intellectual Stimulation</b>			
Psychological Safety	0.315**	< .001	Highly Significant
Collaboration	-0.020	0.687	Not Significant
Customer Empowerment	0.157**	0.002	Significant

\*\**. Correlation is significant at the 0.01 level* /\**. Correlation is significant at the 0.05 level*

The computed rho-value of 0.606 reveals a strong direct correlation between individual consideration and psychological safety, and the computed rho-value of 0.570 shows a moderate direct association between individual consideration and collaboration. In contrast, the computed rho-value of 0.111 indicates a very weak direct connection between individual consideration and customer empowerment. There was a statistically significant relation between individual consideration and the sub-variables of the organizational innovation climate as the obtained p-values were lower than 0.01. Zhou (2024) believes that when leadership addresses the unique requirements and aspirations of employees, providing personalized support and care, employees' innovation willingness and innovation ability will be significantly improved, and the organization's innovation atmosphere will also be strengthened. Individual consideration can make employees feel the care and support of the organization, so as to stimulate their innovation willingness and enthusiasm. When staff perceive that their creativity and ideas are valued and encouraged, they are more inclined to generate novel concepts and strategies that can propel the organization's innovation efforts (Cai et al., 2023). Individual consideration can provide targeted training and development opportunities according to the individual characteristics and needs of employees to help employees improve their innovation capabilities and skills. The improvement of this ability not only contributes to the personal growth of employees, but also contributes to the enhancement of the organization's collective capacity for innovation. Therefore, Individual consideration can enhance a stronger sense of identity and belonging within a bank, as well as enhance workforce's loyalty and satisfaction. This enhancement of cohesion helps to form common goals and values within the bank, and promotes cooperation and communication among employees, thus promoting the innovation climate of the bank.

The computed rho-values, which range from 0.614 to 0.631, suggest a robust direct connection between idealized influence and the sub-variables of the organizational innovation climate, namely psychological safety

and collaboration. However, the computed rho-value of  $-0.127$  implies an indirect relationship between idealized influence and customer empowerment. There existed a statistically significant association between idealized influence and the sub-variables of organizational innovation since the obtained p-values were lower than 0.01. Idealized influence reflects that bank leaders influence and motivate team members through noble moral quality, lofty vision and extraordinary ability to form a positive team atmosphere. The organizational innovation atmosphere reflects the degree of support and encouragement for innovation activities within the organization, which directly affects the innovation intention and innovation behavior of employees. By showing high moral quality, lofty vision, and extraordinary ability, leaders can stimulate employees' innovation willingness and innovation behavior, thus forming a good organizational innovation atmosphere Bao (2023). By showing their leadership charm, leaders can form a role model effect, which can stimulate the internal motivation of employees to create an open, supportive and innovative organizational atmosphere (Gu, 2023).

The rho-values calculated, which range from 0.644 to 0.757, suggest a robust direct connection between inspirational motivation and the sub-variables of the organizational innovation climate, namely psychological safety and collaboration. However, the computed rho-value of  $-0.076$  implies an indirect relationship between inspirational motivation and customer empowerment. A statistically significant association was found between inspirational motivation and the sub-variables of the organizational innovation climate, namely psychological safety and collaboration, as the obtained p-values were lower than 0.01. Inspirational motivation can stimulate employees' innovation willingness and ability. When a sense of inspiration is instilled in employees by their workplace, they will think more positively and innovate, try new methods and ideas. This proactive mindset leads to the exploration of novel approaches, ultimately driving the organization's progress and creativity (Wang et al., 2024). An organization full of inspirational motivation, its employees tend to have higher work enthusiasm and satisfaction, they exhibit a greater propensity to disseminate their expertise and experience, mutual support as well as help, so as to form a positive organizational innovation atmosphere (Zhang et al., 2021). Inspirational motivation enables bank employees to define overarching goals, core purpose, and strategic aims of the bank and the direction of the bank's gradual transformation according to market changes in the future. Therefore, bank employees can exert their creativity towards the same goal more efficiently without being conformist to work. In addition, bank leaders assist employees to regularly review their work, which is also conducive to letting employees know the challenges that persist within the current operational framework, with the aim of delineating the trajectory of future product and process innovation.

The computed rho-value of 0.315 demonstrates a moderately direct connection between intellectual stimulation and psychological safety, whereas the computed rho-value of 0.157 shows a very weak direct relationship between intellectual stimulation and customer empowerment. Additionally, the computed rho-value of  $-0.020$  indicates a very weak indirect association between intellectual stimulation and collaboration. A statistically significant relationship existed between intellectual stimulation and the sub-variables of the organizational innovation climate, namely psychological safety and customer empowerment, as the obtained p-values were lower than 0.01. As an important driving force within the organization, intellectual stimulation embodied by transformational leadership plays a key role in stimulating employees' innovative thinking and creativity, and in building and maintaining a positive organizational innovation atmosphere. Intellectual stimulation stimulates employees to generate new ideas, perspectives and methods. As a driving force within the organization, intellectual stimulation can ignite the zeal and engagement of staff, thus affecting the formation as well as development of an organizational innovation atmosphere (Cai et al., 2023). Intellectual stimulation can stimulate employees' innovative thinking and creativity, and make them more willing to take part in innovative activities. Meanwhile, intellectual stimulation further facilitates the dissemination of knowledge and fosters collaboration among the organization's members, enhancing the cohesion between the team, and thus forming a good organizational innovation atmosphere. Intellectual stimulation can motivate employees to constantly think about new problems and challenges, try new methods and ideas, and stimulate their innovative thinking. Intellectual stimulation can enhance trust and cooperation between teams, and bring team members closer together to form a common goal and vision Wen et al. (2023). Conversely, an organizational innovation climate

can also affect the effect of intellectual stimulation. A positive organizational innovation atmosphere can motivate staff to engage more proactively in innovative endeavors and accept and adapt to the challenge of intellectual stimulation. At the same time, the organizational innovation climate may also furnish employees with enhanced resources and backing to help them better achieve innovation goals Chen et al. (2024). In turn, the successful implementation of intellectual stimulation can further enhance the beneficial impact of the organizational innovation atmosphere, forming a virtuous circle.

**Table 5***Relationship Between Transformational Leadership and Organizational Commitment*

Variables	rho	p-value	Interpretation
<b>Individual Consideration</b>			
Affective Commitment	0.516**	< .001	Highly Significant
Continuance Commitment	0.398**	< .001	Highly Significant
Normative Commitment	0.512**	< .001	Highly Significant
<b>Idealized Influence</b>			
Affective Commitment	0.408**	< .001	Highly Significant
Continuance Commitment	0.289**	< .001	Highly Significant
Normative Commitment	0.324**	< .001	Highly Significant
<b>Inspirational Motivation</b>			
Affective Commitment	0.308**	< .001	Highly Significant
Continuance Commitment	0.374**	< .001	Highly Significant
Normative Commitment	0.557**	< .001	Highly Significant
<b>Intellectual Stimulation</b>			
Affective Commitment	0.273**	< .001	Highly Significant
Continuance Commitment	-0.275**	< .001	Highly Significant
Normative Commitment	-0.420**	< .001	Highly Significant

\*\* . Correlation is significant at the 0.01 level

The computed rho-values, varying from 0.398 to 0.516, signify a direct relationship ranging from weak to moderate between individual consideration and the sub variables of organizational commitment. The rho-values calculated to range from 0.289 to 0.408 suggest a direct relationship from weak to moderate between idealized influence and the sub variables of organizational commitment. The rho-values computed to range from 0.308 to 0.557 imply a direct relationship from weak to moderate between inspirational motivation and the sub variables of organizational commitment. The computed rho-value of 0.273 indicates a weak direct relationship between intellectual stimulation and affective commitment, while the rho-values computed to range from -0.273 to -0.420 suggest an indirect relationship between intellectual stimulation and the sub variables of organizational commitment. A statistically significant relationship existed between transformational leadership and organizational commitment since the obtained p-values were lower than 0.01.

Zhao (2021) found that a substantial positive correlation is evident between transformational leadership and organizational commitment, because transformational leaders can bolster the employees' feeling of identification and affiliation with the company, thus improving their level of organizational commitment. Through its unique leadership style, such as the captivating qualities of leadership, the magnetic pull of authoritative presence, the provocation of intellectual challenge, and the consideration of tailored care, transformational leadership can amplify the employees' perception of their identity and attachment to the company, thus significantly improving employees' dedication and loyalty to the organization. Sun (2017). Transformational leaders build trust and identity with their subordinates through sincere and transparent communication, as well as care and respect for them. This relationship of trust and identification could amplify the employees' loyalty and dedication to their workplace. Li et al. (2020). Transformational leaders are able to set clear visions and objectives for an organization and achieve those objectives through positive actions. This practice helps to strengthen the employees' feeling of being an integral part of the organization and their attachment to it, thereby increasing their level of organizational commitment Sun (2017). Transformational leaders spur staff to take an active role in the decisions and activities conducted by the organization and place high expectations and investment in their work. This engagement and commitment not only helps to increase employees' job satisfaction and performance, but



also enhances their sense of commitment to the organization (Zhao 2021).

**Table 6**

*Relationship Between Organizational Innovation Climate and Organizational Commitment*

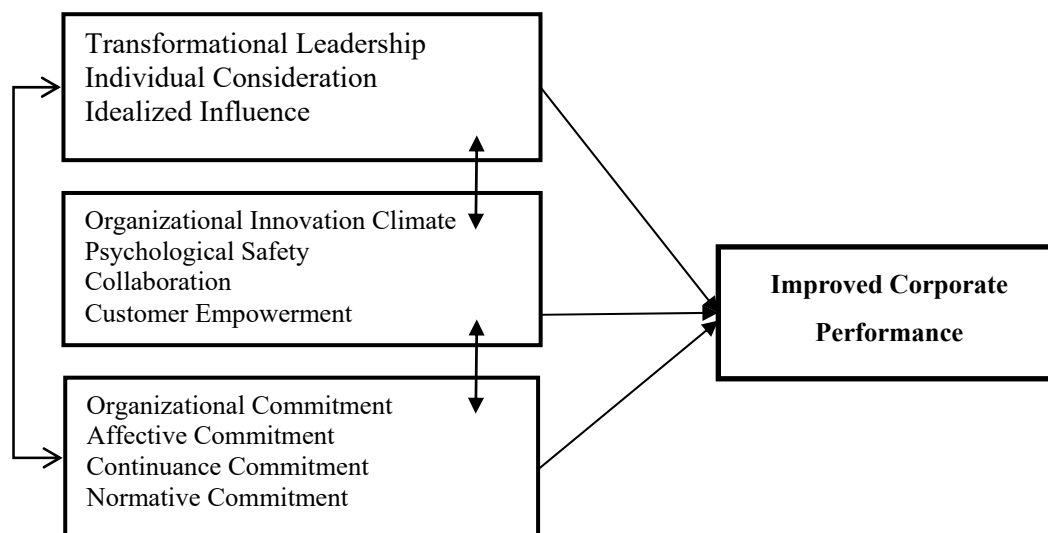
Variables	rho	p-value	Interpretation
<b>Psychological Safety</b>			
Affective Commitment	0.390**	< .001	Highly Significant
Continuance Commitment	0.293**	< .001	Highly Significant
Normative Commitment	0.132**	< .001	Highly Significant
<b>Collaboration</b>			
Affective Commitment	0.347**	< .001	Highly Significant
Continuance Commitment	0.295**	< .001	Highly Significant
Normative Commitment	0.518**	< .001	Highly Significant
<b>Customer Empowerment</b>			
Affective Commitment	0.535**	< .001	Highly Significant
Continuance Commitment	0.181**	< .001	Highly Significant
Normative Commitment	0.261**	< .001	Highly Significant

\*\* : Correlation is significant at the 0.01 level

As can be observed in the table, the computed rho-values, which range from 0.132 to 0.535, suggest a very weak to moderate direct connection among the sub variables of the organizational innovation climate and organizational commitment. A statistically significant relationship was present between the organizational innovation climate and organizational commitment because the obtained p-values were lower than 0.01.

An environment that fosters innovation within an organization can ignite the creative spark and drive for innovation among its employees. When employees perceive a supportive and motivational culture that encourages innovation, they tend to be more deeply involved in their tasks, and this fosters a heightened sense of personal connection and loyalty to the company, and enhances their organizational commitment (Xing et al., 2024). Companies that cultivate a robust innovation atmosphere often offer a greater array of resources, such as training, technical support, and funding, to help employees achieve innovation. This resource support can meet the career development needs of employees, instill in them a sense of being valued and cared for by the company, thereby reinforcing Han (2023). In addition, employees who exhibit a high level of dedication to the organization are typically more faithful and involved, and they are inclined to dedicate their efforts towards the company's growth and progress and to contribute to the cultivation and advancement of an organizational innovative climate. Li (2022). Employees demonstrating a strong organizational commitment are more willing to collaborate with others to achieve organizational goals. In the process of innovation, teamwork is indispensable. Through teamwork, employees can share knowledge, experience and resources to accelerate the innovation process and cultivate a more positive environment for innovation within the organization. The incentive value of the organizational commitment to talents includes the important aspect of creating an innovative cultural atmosphere (Lin, 2020).

It is evident that the relationship between organizational innovation climate and organizational commitment can form a virtuous circle. organizational innovation climate promotes improvements for employees' organizational commitment, and employees with high organizational commitment promote the formation and development of organizational innovation climate. This cycle continually propels the organization forward in terms of innovation and expansion. When confronted with external challenges and competitive pressures, a positive climate of innovation and a high level of organizational commitment can help banks better meet challenges and maintain a competitive edge. The organizational innovation climate makes the bank more innovative and adaptable, and employees who are deeply committed to the organization are more inclined to strive for its objectives and well-being. Therefore, banks should strive to endeavor to foster a conducive environment for innovation and bolster the dedication of their workforce, thereby stimulating ongoing advancement and creativity within the bank.



*Figure 1 Framework for Improved Corporate Performance*

Figure 1 shows the framework for improved corporate performance proposed by the researchers in accordance with the conclusions of the above studies. The paper proposes a framework for improved corporate performance by studying the three variables of transformational leadership, organizational innovation climate, and organizational commitment.

Transformational leadership embodies leadership through individual consideration, idealized influence, inspirational motivation, and intellectual stimulation, making employees recognize the significance of their roles and duties, thereby stimulating their aspiration for higher-order needs. This, in turn, enables them to unleash their full potential and reach peak productivity. Transformational leaders encourage subordinates to exceed organizational expectations, create new ideas, be loyal to the organization and its goals, and be motivated and effective overall. This encouragement is achieved through transformational leadership by creating an atmosphere in which employees can think differently, try new ideas, and accomplish goals and requirements. Transformational leadership style is conducive to enhancing employees' sense of self-efficacy, improving self-restraint ability, establishing healthy competition mechanisms, adjusting structure, and enriching corporate culture, all of which are conducive to creating a positive organizational innovation atmosphere. The positive creation of an organizational innovation climate can reciprocally enhance transformational leadership. An organizational innovation climate that encourages innovation, tolerates failure and respects employees' contributions can stimulate leaders' innovative spirit and leadership charm, making them focus more on catering to the unique requirements of each employee. and development, and further consolidate and deepen the transformational leadership style. Simultaneously, a conducive organizational innovation climate can furnish additional innovation resources as well as support for transformational leadership, helping them to better promote organizational change and development. Therefore, there is a reciprocal enhancement in the impact between transformational leadership and the innovation climate within the organization.

Organizational innovation climate reflects that the organization encourages its members to be innovative through psychological safety, collaboration, and customer empowerment. The active construction of an organizational innovation climate is conducive to improving the organizational commitment of staff. When there is a climate within an organization that encourages innovation, respects employee contributions, and allows for and learns from failure, employees feel supported and trusted by the organization, which increases their sense of personal alignment and attachment to the company, which further translates into a commitment to the organization, encouraging employees to contribute towards achieving goals and vision of the company. Then, the

improvement of organizational commitment also contributes to a more positive organizational innovation climate. When a robust commitment to the company is felt by employees, they tend to be more mindful of the company's interests and growth, and are willing to provide support and help for the company's innovative initiatives. This form of backing and assistance will further stimulate the creation of an organizational innovation climate, forming a virtuous circle. Therefore, a tight interconnection exists in both directions between organizational innovation climate and organizational commitment.

The company should proactively foster an environment that encourages innovation, be attentive to the desires and sentiments of its staff, and enhance the employees' dedication to the organization, thereby facilitating ongoing innovation and growth within the entity. Additionally, a reciprocal relationship exists between transformational leadership and organizational commitment, where each element bolsters and amplifies the other. Transformational leadership through individual consideration, idealized influence, inspirational motivation, and intellectual stimulation, It could evoke higher level aspirations of employees, helping them recognize the importance of the task undertaken, and maximize their own potential. This kind of leadership fosters a profound sense of identity and affiliation among employees, thereby augmenting their loyalty and dedication to the organization. Under the guidance of transformational leadership, employees will be more willing to work hard for objectives and visions, exhibiting greater enthusiasm and responsibility. On the other hand, organizational commitment also promotes transformational leadership. The higher the level of an employee's commitment to the company, the greater the likelihood of their continued tenure within the organization in a positive way and continuing to contribute. This positive employee attitude and behavior can provide more support and help for transformational leaders, so that they can better play a leadership role and facilitate the evolution and advancement of the company. At the same time, employees with high organizational commitment are more inclined to embrace and resonate with the principles and initiatives of transformational leadership styles, thus enhancing the authority and influence of transformational leadership.

#### **4. Conclusions and recommendation**

The respondents moderately agreed on transformational leadership in terms of individual consideration, idealized influence, inspirational motivation, and intellectual stimulation; The respondents moderately agreed on organizational innovation climate in terms of psychological safety, collaboration, and customer empowerment; The respondents moderately agreed on organizational commitment in terms of affective commitment, continuance commitment, and normative commitment; There is significant relationship among transformational leadership, organizational innovation climate, and organizational commitment; The corporate performance improvement framework has been developed.

Managers of banks may attach importance to the training of their transformational leadership through individual consideration, idealized influence, inspirational motivation, and intellectual stimulation to stimulate employees' innovative spirit and work enthusiasm; Managers of banks may create an organizational innovation climate that encourages innovation, tolerates failure, and respects employees' contributions to promote innovation in financial technology, business models, and service channels. Managers of banks shall enhance the organizational commitment of staff by enhancing employees' sense of identification within the organization, strengthening employee care with welfare protection, and creating a positive organizational innovation climate. The proposed framework could be implemented by managers of banks to elevate corporate performance. Subsequent research could be conducted on the applicability and mechanism of transformational leadership, organizational innovation climate, and organizational commitment using different local and other industries.

#### **5. Reference**

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