The Influence of Positive Leadership on Team Creativity in Small and Medium-Sized Enterprises: Mediating Role of the Team's Entrepreneurial Passion

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Abstract

Purpose: This paper examines the mediating role of the team's entrepreneurial passion between positive leadership and team creativity in small and medium-sized enterprises. Design/methodology/approach: The data was collected from 604 Chinese SME team leaders. A structural equation model was used to analyze the direct and indirect effects of positive leadership, team creativity, and entrepreneurial passion. SPSS 16 and AMOS 23 software were used for statistical analysis. The findings are as follows: First, Positive leadership in small and medium-sized enterprises has a positive influence on the team's creativity. Second, positive leadership has a positive impact on the entrepreneurial passion of small and medium-sized enterprise teams. Third, the entrepreneurial passion of teams has a positive influence on the creativity of teams in SMEs. Fourth, in SMEs, the entrepreneurial passion of the team plays a mediating role between positive leadership and team creativity.

Research limitations/Implications: This study is static and does not fully capture the dynamic process of team creativity in which positive leadership is involved through its long-term effects on team cognition and team emotions. The research focuses mainly on the team level but does not explore the complex relationship between positive leadership and team creativity. Originality/Value: This paper aims to support SME leaders in choosing the right team leader type and enhance team members' intrinsic cognitive and emotional strengths through positive leadership, thus providing helpful guidance for team creativity. We constructed a model based on social cognitive theory to test our research hypothesis.

Keywords: Positive Leadership, Leadership Endorsement, Team Entrepreneurial Passion, Team Creativity

INTRODUCTION

In China, small and medium-sized enterprises account for more than 99% of the total enterprises and play a crucial role in economic growth and social stability. As China has ushered in a new round of scientific and technological revolution and industrial transformation, the development direction of the market economy is changing from a course based on the utilization of resources and low-cost advantages to a development course based on scientific and technological innovation, entrepreneurship, and supply-side structural reform. The volatility, uncertainty, complexity, and fuzziness of the internal and external environment for business survival and development have become increasingly evident (Rodriguez & Rodriguez, 2015; Youssef-Morgan & Luthans, 2013). However, despite the strong development of entrepreneurship, some scholars have pointed out that the survival rate of start-ups in China is low (Zhang et al., 2011). In this context, the development and implementation of creativity is crucial for today's business environment (Lapierre & Giroux, 2003).

As a new direction in leadership research, positive leadership is vital in guiding team members to generate positive emotions and behaviors in small and medium-sized enterprises. Research on positive leadership is still relatively scarce (Gladis & Goldsmith, 2013), and the existing research mainly focuses on the effects of positive leadership at the organizational and individual levels and its mechanism (Malinga et al., 2019). The main goal of positive leadership is to help the organization and its members achieve extraordinary and unique results (Cameron, 2013; Schimschal & Lomas, 2019). It is an optimistic tendency or affirmation of a person's strengths, abilities, and potential (Buckingham & Clifton, 2001). Therefore, leadership fosters creativity (Shin & Zhou, 2007). In contrast, research at the team level needs to receive more attention.

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The Influence of Positive Leadership on Team Creativity in Small and Medium-Sized Enterprises: Mediating Role of the Team's Entrepreneurial Passion

Most entrepreneurial ventures are initiated or led by teams (Kamm & Nurick, 1993), and entrepreneurship is gradually changing from individual to team entrepreneurship (Klotz et al., 2014). Relevant studies also show that the creativity of team entrepreneurship is significantly higher than individual entrepreneurship’s, and its success rate is correspondingly higher than individual entrepreneur’s (Lechler, 2001). As a prerequisite and core element of team innovation, team creativity is an essential index for measuring the success of team entrepreneurship. In the current research, more attention has been paid to the effects of leadership styles such as paternalistic leadership, integrative leadership, and transformational leadership on team creativity (Chang Tao et al., 2016; Peng et al., 2018; Zhang Jianwei et al., 2018). However, only some studies on positive leadership are closely related to entrepreneurship and influence the creativity of teams. Therefore, it is necessary to investigate the influence of positive leadership on team creativity and its mechanism.

In addition to the leadership style, team creativity is also influenced by the emotions and cognition of the team. A vital perspective to explain team creativity is the entrepreneurial passion of the team and the positive emotion and cognition of team identity shared by the entrepreneurial team members. The entrepreneurial process is an emotional journey (Baron, 2008). This passion helps foster entrepreneurs' continuous entrepreneurial readiness and is considered an essential driver of entrepreneurial activities (Cardon et al., 2009). Entrepreneurs with entrepreneurial passion stimulate internal motivation and promote the development of entrepreneurial behavior (Cardon & Kirk, 2015).

Furthermore, entrepreneurial passion positively impacts entrepreneurial performance (Luttner, 2014; Patel et al., 2015), which contributes to the realization of entrepreneurial success. Entrepreneurial passion is, therefore, a crucial factor for sustainable entrepreneurial activity. It is a dynamic emotional factor that can be stimulated and transferred (Cardon, 2008). Suppose the entrepreneurial team can stimulate the team's entrepreneurial passion in the development process. In that case, it can be expected that there will be a strong impetus to promote team creativity.

LITERATURE REVIEW AND HYPOTHESIS FORMULATION

Positive Leadership and Team Creativity

Positive leadership is an approach that focuses on the potential of the organization and its members, demonstrates a deeper understanding and awareness, and has a more positive impact on both the leaders and the organization and its members (Lloyd & Atella, 2000). Leaders strive to improve members' abilities to participate in decision-making and action processes (Allisey et al., 2016). Positive leadership is cultivating leaders with an optimistic and "can-do" mentality, value orientation, and motivational characteristics to create a positive atmosphere in the workplace and foster positive interpersonal relationships (Malinga et al., 2019). This modern leadership style emphasizes creating a positive work environment, promoting employee well-being, and maximizing the potential of individuals and teams (Luthans & Avolio, 2009). It represents a paradigm shift from traditional command and control methods and emphasizes creating a supportive work environment to promote employee positivity, engagement, and well-being (Avolio et al., 2009; Cameron & Dutton, 2003; Cameron et al., 2022).

Creativity in a team is a visible result of active leadership and motivates the leader to continue supporting the team's positive development. Many studies have shown that creativity is the ultimate economic resource that is essential for new organizations (Amabile, 1988; Amabile et al., 1996; Hoever et al., 2018; Kim & Mauborgne, 2014). Team creativity is the ability of team members to work together to develop new and valuable ideas (Wang et al., 2016). Team creativity is essential to an organization's survival and development (Florida, 2002). Positive leadership styles are associated with employee job satisfaction, creative performance, and innovation, and more creative team members also bring more innovation and creativity to the team:

H1: In small and medium-sized enterprises (SMEs), positive leadership can positively affect the team's creativity.

Positive Leadership and Team Entrepreneurial Passion

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Positive leadership is closely linked to the positive emotional states of team members, with positive emotional states changing according to the emotional state of positive leaders (Youssef & Luthans, 2012). Entrepreneurial passion in a team encompasses the collective experience of entrepreneurial passion among the members of an entrepreneurial team (Drnovsek et al., 2009). It is a shared and intense positive emotion based on the team's collective identity (Cardon et al., 2017b). Santos and Cardon's (2019) research categorizes team entrepreneurial passion as single-focused team entrepreneurial passion, incomplete multi-focused team entrepreneurial passion, and complete multi-focused team entrepreneurial passion and shows that the different types of team entrepreneurial passion have different effects on performance depending on the entrepreneurial team's identification with the team identity.

By transferring positive emotions to team members, positive leaders subtly direct and encourage the generation of similar positive emotions among team members (Kelloway et al., 2013; Kelly & Barsade, 2001b). Positive leaders motivate team members by giving them autonomy and a sense of belonging, which makes individuals more optimistic about future success, encourages initiative, improves interpersonal interactions (Tsai et al., 2007), and ensures the smooth execution of tasks (Davis et al., 2017). Positive leadership thus provides an atmosphere of independence, ease, and caring within the team and contributes to creating a relaxed, inclusive, and open environment that promotes communication and emotional transfer between team members and fulfills the relational needs of team members (Nel et al., 2015). The authors, therefore, put forward the following hypothesis:

H2: Positive leadership positively influences the entrepreneurial passion of teams in small and medium-sized enterprises (SMEs).

Team Entrepreneurial Passion and Team Creativity

The entrepreneurial passion of the team can be transferred to the individual team members (Totterdell, 2000). The entrepreneurial passion of the team is reflected in the high level of enthusiasm, passion, and commitment that team members show in entrepreneurial activities. Even teams with lower levels of individual passion can cultivate team entrepreneurial passion (Wei et al., 2018). The diversity of team passion can influence the formation of entrepreneurial passion in the team (Cardon et al., 2017a). The diversity of team passion will influence the formation of entrepreneurial passion in the team (Cardon et al., 2017b).

The expression of passion is a prerequisite for contagion and identification with passion. Only through the necessary emotional expression can team members develop the team's entrepreneurial passion (Kelly & Barsade, 2001b). The leader's behavior can foster the team's entrepreneurial passion. Based on the creativity and innovation factor model, they have demonstrated that transformational leadership helps to create a shared identity, promotes the internalization of innovation, stimulates autonomous motivation, and thus positively influences the team's entrepreneurial passion (Wei et al., 2018). Perry-Smith and Coff (2011a) investigated how team emotions influence team creativity. Positive emotions lead to different outcomes in the idea generation and selection phases. Team atmosphere can positively affect team output, while a positive emotional atmosphere, i.e., passion at the team level, positively influences team creativity (Chen et al., 2015). Therefore, the authors propose the following hypothesis:

H3: Entrepreneurial team passion positively influences team creativity in small and medium-sized enterprises (SMEs).

Positive Leadership, Team Entrepreneurial Passion, Team Creativity: Mediating Effects

Positive leadership sends positive signals by encouraging team members to take the initiative, promoting creative thinking, and allowing freedom without holding team members overly accountable for short-term gains or losses (Youssef & Luthans, 2012). Positive leaders often praise team members' work performance and motivate them to take responsibility (Kelloway et al., 2013). Positive leaders convey positive emotions to team members, create a unified vision and values, and positively influence the team's entrepreneurial passion by strengthening the team's autonomous motivation. Passion has long been considered a precursor to creativity in the workplace (James et al., 1984). Passion can facilitate the cognitive and motivational processes necessary for generating creative ideas, thus contributing to creativity (James et al., 1984; Nikitin & Freund,
Entrepreneurial passion in a team creates a pleasant working atmosphere that encourages interaction between team members, stimulates divergent thinking, brings together heterogeneous resources, and effectively enhances team creativity (Bledow et al., 2009). Therefore, the authors hypothesize the following:

In small and medium-sized enterprises (SMEs), entrepreneurial passion in the team mediates between positive leadership and team creativity.

RESEARCH METHODOLOGY

Methodology Design

A quantitative research approach using structural equation modeling is required to investigate the direct and indirect effects of positive leadership, entrepreneurial passion in the team, and team creativity (Khalfallah & Lakhal, 2021). Maiga et al. (2013) mentioned that quantitative research is descriptive research that uses more formal measures of beliefs, attitudes, intentions, and behaviors, including questionnaires and systematic observation of behaviors for statistical analysis. It is associated with deductive methods and emphasizes reliability and generalizability in research (Maiga et al., 2013). This design method helps the authors investigate the direct impact of positive leadership on entrepreneurial passion and team creativity.

Data Collection

This paper uses the team leaders of small and medium-sized Chinese companies as research subjects. In order to harmonize the structure of the sample with the overall structure and ensure the sample's representativeness, the random sampling method is used in this paper to determine the research object. The questionnaire was sent to the heads of the SME teams via the online survey link. The researchers start from the three industries of professional services (including Internet and technical services), logistics wholesale and retail trade, and manufacturing, which are concentrated in China's SMEs, and select the leaders of enterprise teams as the research sample to obtain data (Table 1). The information on the selected enterprises is obtained from the National Bureau of Statistics website, a government agency affiliated with the Ministry of Commerce and Finance of China. Moreover, since there is no database, the convenience sampling method was chosen (Chen et al., 2005; Rutterford et al., 2015). This choice is supported by most participating companies regularly attempting to introduce or apply active leadership.

A total of 650 company teams were contacted, but only 604 responded, which corresponds to a response rate of 92.92%. The companies surveyed were mainly small and medium-sized companies with a large number of employees, between 10 and 300 (Table 2). We only interviewed the team leaders. These respondents were assumed to have been in management for a long time, to have sufficient knowledge of the company's overall situation, and to be able and willing to share the information surveyed so that their answers are considered valid and reliable.

<table>
<thead>
<tr>
<th>Table 1 Firm respondent.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type of Enterprise</strong></td>
</tr>
<tr>
<td>Professional services (including internet and technical services)</td>
</tr>
<tr>
<td>Logistics wholesale</td>
</tr>
<tr>
<td>Retail &amp; Manufacturing</td>
</tr>
<tr>
<td>other</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Table 2 Demographic summary of Enterprise.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of Enterprises</strong></td>
</tr>
<tr>
<td>Less than ten people</td>
</tr>
<tr>
<td>10-50 people</td>
</tr>
<tr>
<td>50-300 people</td>
</tr>
<tr>
<td>More than 300 people</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>
Measures

Unless otherwise stated, all items were self-rated on a 5-point Likert scale from 1 (strongly disagree) to 5 (strongly agree).

Endorsement of leadership qualities is measured using the scale proposed by Steffens et al. (2021). An example would be: "As a leader, I focus on building positive relationships with my team members." The Cronbach's $\alpha$ of this scale was .884.

The role effectiveness of the leader was assessed using the scale by Ladegard and Gjerde (2014). An example would be: “As a manager, I am very confident in making a decision.” Cronbach's $\alpha$ is .877.

Growing together. We used four items from the measure of growing together developed by Wang et al. (2005) to assess the completion of growing together. One example is, "As a leader, you are willing to listen to your employees' suggestions." Cronbach's $\alpha$ is .884.

The Team Innovation Atmosphere measure refers to the four items of Anderson and West's (1996) TCI scale to formulate and evaluate the completion of the Team Innovation Atmosphere. An example is, "As a team leader, you have authority and trust." Cronbach's $\alpha$ is .884.

Job satisfaction was assessed using Gladstein's (1984) 5-item job satisfaction scale. An example would be: “Your team members are satisfied with the relationships within the team.” Cronbach's $\alpha$ is .906.

When assessing creativity goal setting, three items from Tierney's (2010) creativity goal setting scale are used to measure leaders' creativity goal setting. One example is: “It is my job to develop new ideas for products or processes.” Cronbach's $\alpha$ is .852.

The group potential assessment uses five items from Guzzo et al.'s (1993) Group Potential Scale to measure attitudes of group potential. An example is "Do you have confidence in your professional competence." Cronbach's $\alpha$ is .892.

The above practices were developed from a Likert scale item using the Likert scale 5 (1= "strongly disagree," 5= "strongly agree").

MEASUREMENT SCALE RESULTS

Confirmatory factor analysis (CFA) assesses the validity and uniqueness of research measures. A structural equation model (SEM) was used to test our hypothesis. Specifically, we tested a mediation model with positive leadership as a predictor, team creativity as an outcome, and the entrepreneurial passion of the team as a mediator. The CFA and SEM models were estimated using Amos23 and SPSS16.

Fornell and Larcker (1981) argued that three conditions must be met to test the measurement model's validity: Unidimensionality analysis, reliability analysis, and convergent and discriminant validity.

Unidimensionality Test

Previous studies have found the presence of unidimensionality as the analysis revealed the extraction of a single factor when cleaning the items (Lakhal, 2007). Researchers have recommended using fit indices such as RMSEA, RMR, GFI, TLI, and CFI when conducting unidimensionality tests (Fornell & Larcker, 1981). This study relied on confirmatory factor analysis, which confirmed the extraction of a single factor after purification. The fit indices performed well, with GFI, TLI, CFI, and other indicators mostly above .9. In addition, the RMSEA < .08, and RMR > 0 (Barić et al., 2015; Maiga et al., 2013). Table 3 presents the relevant indicators.
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Criteria | >.05 | >.9 | <.08 | >.0 | >.9 | >.9
--- | --- | --- | --- | --- | --- | ---
Positive leadership | .152 | .998 | .018 | .033 | .997 | .998
Team entrepreneurial passion | .472 | 1.000 | .000 | .029 | 1.000 | 1.000
Team creativity | .701 | 1.000 | .000 | .021 | 1.000 | 1.000

Reliability Analysis

To assess reliability, the study recommends using Cronbach’s alpha coefficient (Churchill Jr, 1979; Ruekert & Churchill Jr, 1984) to test the reliability of the coefficients. In theory, Cronbach’s alpha values range from 0 to 1, with higher values indicating greater reliability. Typically, values of .70 or higher are considered reliable (Carman, 2000). In this study, Cronbach’s alpha coefficients exceeded .9, indicating a high level of internal consistency among the items used. Therefore, we can reasonably accept the reliability of the data. Specific reliability coefficients are detailed in Table 4.

Table 4 Reliability statistic

<table>
<thead>
<tr>
<th>Questions</th>
<th>Number item</th>
<th>Cronbach's Alpha</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Part 1: Positive leadership</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leadership endorsement</td>
<td>4</td>
<td>.884</td>
<td>3.3422</td>
<td>1.05943</td>
</tr>
<tr>
<td>Leader role-efficacy</td>
<td>4</td>
<td>.877</td>
<td>3.5998</td>
<td>1.03868</td>
</tr>
<tr>
<td>Growing together</td>
<td>4</td>
<td>.884</td>
<td>3.5712</td>
<td>1.07276</td>
</tr>
<tr>
<td><strong>Part 2: Team Entrepreneurial Passion</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Team Innovation Atmosphere</td>
<td>4</td>
<td>.884</td>
<td>3.4226</td>
<td>1.05935</td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>5</td>
<td>.906</td>
<td>3.4838</td>
<td>1.04267</td>
</tr>
<tr>
<td><strong>Part 3: Team Creativity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creativity Goal Setting</td>
<td>3</td>
<td>.852</td>
<td>3.3786</td>
<td>1.09565</td>
</tr>
<tr>
<td>Group potential</td>
<td>5</td>
<td>.892</td>
<td>3.5023</td>
<td>0.99668</td>
</tr>
</tbody>
</table>

Convergent and Discriminant Validity

Fornell and Larcker (1981) proposed standards for assessing the degree of shared variance among latent variables in a model, using the Average Variance Extracted (AVE) and Composite Reliability (CR) to evaluate the convergent validity of the measurement model. Confirmatory Factor Analysis (CFA) was employed in this study to assess convergent validity. If factor loading values are above .6, observed variables can be considered good representatives of that structure. Additionally, AVE values above .7 are considered excellent and acceptable, while the level of .5 is acceptable. CR, as a more accurate reliability estimate than Cronbach’s alpha, is deemed acceptable at .7 or higher (Fornell & Larcker, 1981). The latent variables used in the study exhibit reliable convergent validity, as CR ranges from .852 to .906, all above .7, and AVE ranges from .623 to .658, exceeding the acceptable level of .5 (see Table 5).

Table 5 Convergent validity coefficient

<table>
<thead>
<tr>
<th>Latent variables</th>
<th>CR</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Positive leadership</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leadership endorsement</td>
<td>.884</td>
<td>.656</td>
</tr>
<tr>
<td>Leadership role-efficacy</td>
<td>.877</td>
<td>.640</td>
</tr>
<tr>
<td>Growing together</td>
<td>.884</td>
<td>.656</td>
</tr>
<tr>
<td><strong>Team entrepreneurial passion</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Team innovation atmosphere</td>
<td>.884</td>
<td>.656</td>
</tr>
<tr>
<td>Job satisfaction</td>
<td>.906</td>
<td>.658</td>
</tr>
<tr>
<td><strong>Team creativity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creativity goal setting</td>
<td>.852</td>
<td>.658</td>
</tr>
<tr>
<td>Group potential</td>
<td>.892</td>
<td>.623</td>
</tr>
</tbody>
</table>

Previous research has also indicated that discriminant validity is established when the square root of the extracted variance exceeds the shared correlation with other constructs (Fornell & Larcker, 1981). Correlation coefficients within the .2 to 1.0 range are considered valid (Hair et al., 2010). The correlation coefficients in the model range from .570 to .641, all greater than or equal to .2 but less than or equal to 1. Discriminant validity is tested by comparing the square root of AVE (Average Variance Extracted) values with correlation coefficients. This criterion helps ensure the independence and clarity of relationships between observed
variables and other latent variables, ensuring that the studied structure exhibits discriminant validity in measurement. Therefore, the discriminant validity of our model is affirmed (see Tables 6, 7, and 8).

### Table 6 Differential validity of positive leadership

<table>
<thead>
<tr>
<th>Variables</th>
<th>Leadership endorsement</th>
<th>Leadership role-efficacy</th>
<th>Growing together</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership endorsement</td>
<td>.810</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leadership role-efficacy</td>
<td>.608</td>
<td>.800</td>
<td></td>
</tr>
<tr>
<td>Growing together</td>
<td>.641</td>
<td>.570</td>
<td>.810</td>
</tr>
</tbody>
</table>

### Table 7 Differential validity of team entrepreneurial passion

<table>
<thead>
<tr>
<th>Variables</th>
<th>Team innovation atmosphere</th>
<th>Job satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Team innovation atmosphere</td>
<td>.810</td>
<td></td>
</tr>
<tr>
<td>Job satisfaction</td>
<td>.582</td>
<td>.811</td>
</tr>
</tbody>
</table>

### Table 8 Differential validity of team creativity

<table>
<thead>
<tr>
<th>Variables</th>
<th>Creativity goal setting</th>
<th>Group potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creativity goal setting</td>
<td>.811</td>
<td></td>
</tr>
<tr>
<td>Group potential</td>
<td>.583</td>
<td>.789</td>
</tr>
</tbody>
</table>

### Structural Equation Model

Previous research has shown that structural equation modeling is used empirically to determine whether there is mediation between variables (Namazi & Namazi, 2016). Structural equation modeling is conducted for at least two reasons. First, SME deals with multiple dependency relationships simultaneously. Second, SME allows researchers to combine measurement errors. The results of the theoretical framework support all four hypotheses. Therefore, structural equation modeling with Amos 23 is conducted to test the goodness-of-fit indices of our theoretical model (see Figure 1). The statistical tests are as follows:

\[
\chi^2/df = 1.055, \text{RMSEA} = .010, \text{GFI} = .958, \text{NFI} = .964, \text{TLI} = .998, \text{CFI} = .998 \text{ (see Table 9).}
\]

All coefficients correspond to the recommended values, and the coefficients for GFI, TLI, and CFI, which are all above .9, indicate an excellent fit (Barić et al., 2015; Maiga et al., 2013).

### Table 9 Structural equation modeling criteria and results

<table>
<thead>
<tr>
<th>Criteria</th>
<th>p-value</th>
<th>GFI</th>
<th>RMSEA</th>
<th>RMR</th>
<th>TLI</th>
<th>CFI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unidimensionality scale</td>
<td>&gt;.05</td>
<td>&gt;.9</td>
<td>&lt;.08</td>
<td>&gt;.0</td>
<td>&gt;.9</td>
<td>&gt;.9</td>
</tr>
<tr>
<td>Adaptation result</td>
<td>.226</td>
<td>.958</td>
<td>.010</td>
<td>.039</td>
<td>.998</td>
<td>.998</td>
</tr>
</tbody>
</table>

### Direct Effects

In terms of direct effects, Wang et al. (2020) find that path coefficients below .1 indicate a small effect, coefficients around .3 indicate a moderate effect, and coefficients above .5 indicate a significant effect. First,
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The results show that positive leadership significantly impacts team creativity (CR = 4.647; p < .001). This supports H1. Second, the results show that positive leadership significantly impacts team entrepreneurial passion (CR = 7.891; p < .001). This also supports H2. Finally, the results mention that the team’s entrepreneurial passion significantly influences the team’s creativity (CR = 5.362; p < .001). This also supports H3 (see Table 10).

### Mediation Effects

This study uses the bootstrap method to test for mediation effects, extracting 5000 bootstrap samples for a 95% confidence interval estimate. Indirect effects were estimated to assess the mediation effects of positive leadership on team creativity (Cheung, 2009; MacKinnon et al., 2002). The results indicate that team entrepreneurial passion fully mediates the relationship between positive leadership and team creativity. This supports H4. The results are presented in Tables 11 and 12.

### DISCUSSION

The literature review indicates a direct positive correlation between positive leadership, entrepreneurial passion, and team creativity (Buckingham & Clifton, 2001; Cameron, 2013; Schimschal & Lomas, 2019). Our study results confirm previous research findings regarding the relationship between positive leadership and team creativity (Luthans & Avolio, 2009; Malinga et al., 2019). Positive leadership and team creativity are closely linked, as this leadership style promotes team cohesion, strengthens employee engagement, and provides fertile ground for team creativity to flourish (Avolio et al., 2009).

Regarding the relationship between positive leadership and team entrepreneurial passion, positive leadership effectively stimulates the team's entrepreneurial passion through the leader's optimistic attitude and clear goals. The positive example set by the leader creates a dynamic working environment. At the same time, clear communication of entrepreneurial goals helps team members understand the vision and pursue entrepreneurial dreams together. This positive influence ignites team members' eagerness to work and provides a strong impetus for entrepreneurial activities (Davis et al., 2017; Kelloway et al., 2013; Kelly & Barsade, 2001a; Nel et al., 2015).
Regarding the relationship between entrepreneurial passion in the team and team creativity, entrepreneurial passion in the team arouses members' passionate commitment and fosters their adventurous spirit and innovation awareness. It inspires the courage to break new ground in the face of challenges and change. Entrepreneurial passion in the team adds positive energy to team creativity and drives members to keep breaking new ground in their innovative work (Cardon et al., 2017b; Chen et al., 2015; Perry-Smith & Coff, 2011b).

Finally, this study shows the indirect effects of positive leadership on team creativity (James et al., 1984; Nikitin & Freund, 2010; Youssef & Luthans, 2012). Positive leadership not only influences the team's entrepreneurial passion but also establishes a link between it and team creativity by increasing the team's level of entrepreneurial passion (Bledow et al., 2009).

CONCLUSION
This study represents a significant advance in the literature on team-level leadership. Through practical research in Chinese small and medium-sized enterprises (SMEs), we redesigned the scales for critical variables such as leadership approval, leadership role effectiveness, and team innovation atmosphere, thereby improving the validity of the measurement instruments. This provides empirical research and theoretical foundations for understanding the impact mechanism of positive leadership at the team level in SMEs.

The study's results show that positive leadership in SMEs has significant direct and indirect effects on team creativity. This discovery underlines the importance of team creativity for SMEs' operational success. Companies can formulate measures that indirectly promote team creativity by applying positive leadership. Positive emotions and a positive work climate are closely related to increased satisfaction, productivity, and profitability (Lyubomirsky et al., 2005).

In addition, the research findings guide organizations in choosing the appropriate type of leadership when facing environmental challenges. The study also contributes to SME leaders enhancing team members' intrinsic cognitive and emotional strengths through positive leadership. Emphasizing the role of positive leadership on team cognition and emotion suggests that leaders should focus not only on the "hardware" of entrepreneurial teams, such as human and social capital but also on the entrepreneurial passion of the team. This is because the entrepreneurial passion of the team has a significant impact on its creative performance.

Future research can broaden the scope by examining other countries or companies of different sizes to obtain data with other characteristics and features to verify whether positive leadership can change their contribution to team creativity. This study assumes a static approach and does not capture the dynamic interaction processes between the three variables. For future research, methods such as panel data and a more comprehensive range of data should be used to increase the universality of analytical conclusions. In addition, future research can investigate different ways from different perspectives of teams to explore more influencing factors and mechanisms, such as the positive and negative effects of a team's entrepreneurial passion on the team's creativity.

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