

Impact of Servant leadership on employee creativity and innovation: Investigating the mediating roles of mindset inertia devolution and vision

Dr. Ahmed Raza Khan

VFM Department of Management Sciences Bahria University Karachi Campus.

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Abstract

The purpose of this study was to examine the impact of servant leadership on employee creativity and innovation while investigating the mediating roles of mindset inertia devolution and vision enhancement. In contemporary organizations, creativity and innovation have become essential drivers of organizational sustainability, competitiveness, adaptability, and long-term institutional success due to rapid technological advancements, digital transformation, globalization, and changing market dynamics. Employees are increasingly expected to demonstrate flexibility, innovative thinking, and openness toward organizational transformation initiatives. However, many organizations continue to face challenges associated with rigid employee mindsets, resistance toward change, limited strategic clarity, and low innovation participation, which negatively influence organizational effectiveness and modernization efforts. In this context, servant leadership has emerged as an important leadership paradigm capable of strengthening employee adaptability, strategic alignment, and innovation-oriented workplace behavior. The study adopted a positivist research philosophy and deductive research approach using a quantitative cross-sectional survey design. Primary data were collected through structured questionnaires distributed among 350 employees working in the banking sector of Pakistan using convenience sampling techniques. The questionnaire utilized a five-point Likert scale and measurement items were adapted from previously validated instruments available in existing literature. Data analysis was conducted using Statistical Package for Social Sciences (SPSS), including descriptive statistics, reliability analysis, correlation analysis, regression analysis, and mediation analysis. The findings revealed that servant leadership has a significant negative effect on mindset inertia and a significant positive effect on vision enhancement and organizational creativity & innovation. The results further indicated that mindset inertia negatively affects organizational creativity & innovation, whereas vision enhancement positively influences organizational creativity & innovation. Mediation analysis confirmed that mindset inertia devolution and vision enhancement significantly mediate the relationship between servant leadership and organizational creativity & innovation. The findings suggest that servant leadership enhances employee creativity and innovation not only directly but also indirectly by reducing psychological resistance toward change and strengthening employees' strategic clarity and future-oriented understanding. The study provides important theoretical

and practical contributions by explaining the psychological mechanisms through which servant leadership influences organizational innovation and employee creativity. The findings support Social Exchange Theory and Positive Organizational Behavior Theory by demonstrating that leadership behaviors significantly influence employee adaptability, innovation participation, and organizational effectiveness through positive psychological processes. The study recommends that organizations should promote servant leadership practices, reduce employee resistance toward organizational change, and strengthen organizational vision in order to improve creativity, innovation capability, adaptability, and long-term organizational sustainability.

Keywords: Servant leadership, employee creativity, organizational innovation, mindset inertia, vision enhancement, psychological adaptability, organizational transformation, innovation behavior.

1. Introduction

The contemporary organizational environment has become increasingly dynamic, uncertain, competitive, and innovation-driven due to rapid technological advancements, globalization, digital transformation, artificial intelligence integration, changing customer expectations, and continuous market disruptions. Organizations across the world are no longer able to rely solely upon traditional operational systems, rigid managerial structures, or routine business practices for achieving long-term sustainability and competitiveness. Instead, modern organizations are increasingly required to develop adaptive organizational cultures, innovation-oriented work environments, and psychologically empowered employees capable of generating creative ideas and supporting organizational transformation initiatives (Drucker, 1999). Within such rapidly evolving business environments, organizational creativity and innovation have emerged as critical determinants of institutional effectiveness, strategic competitiveness, operational efficiency, and long-term growth.

Organizational creativity refers to the generation of novel, useful, and meaningful ideas by employees and organizational members, whereas organizational innovation represents the successful implementation and practical application of creative ideas, processes, products, technologies, and services within organizational settings (Amabile, 1996). Creativity and innovation are considered essential organizational capabilities because they enable institutions to adapt effectively to environmental changes, improve operational systems, strengthen customer satisfaction, reduce organizational stagnation, and maintain strategic competitiveness within highly uncertain business environments (West & Farr, 1990). Organizations possessing strong innovation cultures are generally more capable of responding to technological disruptions, market volatility, and institutional transformation demands compared to organizations characterized by rigidity, resistance toward change, and bureaucratic workplace cultures.

The importance of creativity and innovation has become particularly significant within the banking sector because financial institutions are currently operating within highly competitive, technology-driven, and customer-centered environments. Banking institutions across the world are continuously transforming traditional financial systems through digital banking services, fintech integration, artificial intelligence applications, mobile banking

systems, automated customer services, blockchain technologies, and data-driven operational models. Such technological and operational transformations require employees to demonstrate high levels of adaptability, learning orientation, problem-solving capability, and innovation-oriented behavior in order to support institutional modernization and organizational sustainability (Schumpeter, 1934).

Within Pakistan, the banking sector represents one of the most strategically important components of the national economy because it significantly contributes toward financial stability, economic growth, investment facilitation, industrial development, and employment generation. Over the past decade, Pakistan's banking sector has experienced substantial modernization due to technological innovation, financial reforms, digital transformation initiatives, fintech competition, branchless banking systems, and increasing customer expectations regarding service quality and operational responsiveness. Pakistani banking institutions are increasingly investing in online banking platforms, digital financial services, mobile applications, automated transaction systems, and technology-based customer engagement mechanisms to maintain competitiveness and operational effectiveness.

However, despite these modernization initiatives, banking institutions in Pakistan continue to face serious organizational and managerial challenges associated with employee resistance toward change, rigid workplace attitudes, low psychological adaptability, bureaucratic organizational cultures, and limited employee participation in innovation initiatives. Many employees working within banking institutions often demonstrate reluctance toward adopting new technologies, resistance toward organizational transformation, dependence upon traditional operational systems, and fear regarding technological modernization and workplace uncertainty. Such resistance-oriented attitudes and rigid cognitive patterns significantly reduce employees' willingness to participate in organizational innovation, experimentation, and continuous improvement initiatives (Godkin & Allcorn, 2008).

One of the major psychological barriers influencing organizational adaptability and innovation is mindset inertia. Mindset inertia refers to employees' rigid cognitive orientation, resistance toward change, reluctance to adopt innovative ideas, dependence upon established workplace routines, and psychological conservatism regarding organizational transformation initiatives. Employees experiencing higher levels of mindset inertia often prefer maintaining traditional work practices and demonstrate limited openness toward creativity, experimentation, and technological adaptation (Leonard-Barton, 1992). Such rigid thinking patterns negatively affect organizational learning, innovation implementation, strategic flexibility, and institutional competitiveness.

The issue of mindset inertia becomes increasingly problematic within Pakistan's banking sector because financial institutions are currently undergoing continuous technological and structural transformation. Employees unable or unwilling to adapt to changing organizational systems may significantly hinder institutional modernization and innovation-oriented strategic objectives. Resistance toward digital banking systems, automated

technologies, customer-centered operational models, and innovation initiatives may therefore negatively influence organizational efficiency, service quality, and institutional competitiveness. Consequently, banking organizations require leadership approaches capable of reducing employee resistance toward change and encouraging adaptability, creativity, and openness toward organizational transformation.

In addition to mindset inertia, lack of organizational vision and strategic clarity among employees also represents a major organizational challenge affecting workplace creativity and innovation. Organizational vision refers to employees' understanding regarding institutional direction, future aspirations, strategic priorities, and long-term organizational goals (Nanus, 1992). Employees possessing strong organizational vision are generally more motivated, strategically aligned, psychologically engaged, and innovation-oriented because they clearly understand how their workplace behaviors contribute toward organizational success and future growth.

Conversely, employees lacking organizational vision often demonstrate confusion, uncertainty, disengagement, and lower levels of organizational commitment and innovation participation. Such employees may fail to understand the strategic importance of organizational transformation, modernization, and innovation initiatives, thereby weakening institutional adaptability and competitiveness. Within highly dynamic sectors such as banking, organizational vision becomes critically important because employees are continuously required to align their behaviors with rapidly evolving organizational objectives and technological advancements.

In this context, servant leadership has emerged as one of the most influential and effective leadership paradigms capable of strengthening organizational creativity, innovation, adaptability, and strategic alignment among employees. The concept of servant leadership was initially introduced by Burns (1978) and further expanded by Bass (1985), who explained that servant leaders inspire employees to transcend personal interests, embrace organizational goals, and contribute actively toward organizational growth and innovation. Servant leaders intellectually stimulate employees, encourage creative thinking, provide individualized support, communicate compelling organizational visions, and create psychologically empowering work environments that strengthen employee engagement and innovation capability (Bass & Riggio, 2006).

Unlike traditional leadership approaches characterized by authority, hierarchy, and command-oriented managerial systems, servant leadership emphasizes empowerment, participation, trust, collaboration, learning orientation, emotional intelligence, and future-oriented organizational development (Kainde & Mandagi, 2023). Servant leaders encourage employees to challenge conventional assumptions, explore innovative solutions, and participate actively in organizational change initiatives. Such leadership behaviors become critically important within technologically evolving sectors where organizations require adaptable, creative, and psychologically resilient employees capable of supporting institutional modernization and transformation.

Researchers have consistently argued that servant leadership positively influences organizational learning, employee creativity, innovation capability, job satisfaction, organizational commitment, and psychological empowerment (Avolio & Yammarino, 2013). Servant leaders create supportive organizational environments where employees feel psychologically safe, motivated, and confident in expressing creative ideas and participating in organizational experimentation. Employees working under servant leadership are generally more willing to embrace change, adopt innovative workplace practices, and contribute proactively toward organizational development.

Within Pakistan's banking sector, servant leadership may play a particularly significant role because banking employees frequently experience technological uncertainty, operational pressure, organizational restructuring, and rapidly changing customer expectations. Leaders capable of encouraging innovation, reducing resistance toward change, and strengthening organizational vision may substantially improve institutional competitiveness and long-term sustainability. Servant leadership may therefore directly and indirectly influence organizational creativity and innovation by shaping important psychological mechanisms such as mindset inertia devolution and vision enhancement (Kainde & Mandagi, 2023).

Although previous organizational studies have extensively examined the direct relationship between servant leadership and organizational outcomes such as employee satisfaction, organizational commitment, workplace engagement, organizational citizenship behavior, and employee performance, comparatively limited research has explored the underlying psychological and cognitive mechanisms explaining how servant leadership enhances organizational creativity and innovation, particularly within developing economies such as Pakistan. Most previous studies have focused predominantly upon direct leadership-performance relationships while paying comparatively limited attention toward employee mindset rigidity, cognitive resistance, psychological adaptability, and organizational vision as mediating mechanisms influencing innovation outcomes.

Furthermore, within Pakistan's banking sector, empirical evidence remains highly limited regarding the influence of servant leadership on organizational creativity and innovation through mindset inertia devolution and vision enhancement. Existing organizational research conducted within Pakistan has largely concentrated on traditional leadership styles, employee motivation, and organizational commitment, while comparatively limited attention has been given to employee adaptability, cognitive flexibility, organizational vision, and innovation-oriented psychological mechanisms. This gap becomes particularly important because Pakistan's banking institutions are currently operating within technologically disruptive and innovation-dependent environments requiring employees to demonstrate high levels of creativity, strategic alignment, and openness toward organizational transformation.

Additionally, previous international studies examining leadership and innovation have predominantly been conducted within Western organizational contexts characterized by

comparatively different cultural, institutional, technological, and managerial environments. Organizational behaviors, leadership effectiveness, employee attitudes toward change, and innovation orientation may significantly differ within developing economies such as Pakistan due to cultural norms, hierarchical organizational systems, uncertainty avoidance, institutional constraints, and socio-economic conditions. Therefore, there is a substantial need for context-specific empirical research examining how servant leadership influences organizational creativity and innovation within Pakistan's banking sector.

The present study therefore attempts to address these important theoretical and empirical gaps by examining the impact of servant leadership on organizational creativity & innovation while specifically investigating the mediating roles of mindset inertia devolution and vision enhancement among employees working in Pakistan's banking sector. The study seeks to provide empirical evidence explaining how servant leadership reduces rigid cognitive patterns, enhances organizational vision, strengthens psychological adaptability, and subsequently improves organizational creativity and innovation.

The significance of the present study is highly substantial from theoretical, practical, managerial, and policy perspectives. From a theoretical perspective, the study contributes toward the existing body of organizational behavior and leadership literature by integrating servant leadership, mindset inertia, organizational vision, and creativity & innovation within a single comprehensive conceptual framework. The study extends the applicability of Social Exchange Theory by explaining that employees reciprocate supportive and empowering leadership behaviors through positive workplace attitudes such as creativity, innovation, adaptability, and organizational engagement. Similarly, the study strengthens the relevance of Positive Organizational Behavior Theory by demonstrating that positive psychological mechanisms such as adaptability, openness toward change, strategic orientation, and organizational vision significantly enhance employee creativity and innovation capability.

The study additionally contributes toward servant leadership literature by introducing mindset inertia devolution and vision enhancement as important mediating variables explaining the indirect mechanisms through which servant leadership influences organizational innovation outcomes. Such theoretical integration provides deeper understanding regarding the psychological and behavioral processes linking leadership behaviors with organizational creativity and innovation.

From a managerial and organizational perspective, the findings of the study may provide valuable guidance for banking executives, organizational leaders, human resource professionals, policymakers, and organizational development practitioners regarding the importance of servant leadership for enhancing innovation, adaptability, and organizational sustainability. The findings may help banking institutions design effective leadership development programs, innovation management strategies, employee training initiatives, change management interventions, and organizational culture transformation policies aimed at reducing employee resistance toward change and strengthening organizational vision.

The study is also highly significant for Pakistan's banking industry because financial institutions are continuously exposed to technological modernization, digital transformation, fintech competition, cybersecurity challenges, and evolving customer expectations. Banking institutions capable of developing innovation-oriented organizational cultures and psychologically adaptable employees are generally more capable of achieving long-term competitiveness, service quality improvement, customer satisfaction, and operational sustainability.

From a societal and economic perspective, strengthening creativity and innovation within Pakistan's banking sector may contribute toward financial modernization, economic development, technological advancement, customer-centered financial services, and institutional efficiency within the national economy. Innovative banking institutions may additionally support financial inclusion, digital financial accessibility, and economic competitiveness within Pakistan's rapidly evolving economic environment.

Therefore, based upon the identified research gap, theoretical foundations, and organizational significance, the present study aims to examine the impact of servant leadership on organizational creativity & innovation while investigating the mediating roles of mindset inertia devolution and vision enhancement within Pakistan's banking sector. The study attempts to provide empirical evidence regarding how supportive leadership behaviors, psychological adaptability, and strategic organizational vision collectively contribute toward innovation, organizational effectiveness, and long-term institutional sustainability within technologically evolving and highly competitive organizational environments.

The scope of the present study is limited to the banking sector of Pakistan, including public sector banks, private commercial banks, and Islamic banking institutions operating within the country. The study specifically focuses on examining employees' perceptions regarding servant leadership, mindset inertia, vision enhancement, and organizational creativity & innovation. The target respondents consist of banking employees working at various managerial and operational levels.

Conceptually, the study focuses on servant leadership as the independent variable, mindset inertia devolution and vision enhancement as mediating variables, and organizational creativity & innovation as the dependent variable. The study adopts a quantitative cross-sectional research design and utilizes structured questionnaires for primary data collection from banking employees.

Geographically, the study is confined to banking institutions operating within Pakistan, while empirically the study contributes toward understanding how leadership behaviors influence employee adaptability, organizational vision, and innovation outcomes within technologically evolving and competitive organizational environments. The findings may therefore provide valuable insights for organizational researchers, banking professionals, leadership practitioners, and policymakers seeking to strengthen innovation and organizational effectiveness within Pakistan's financial sector.

2. Literature Review

Servant leadership has emerged as one of the most influential leadership paradigms in contemporary organizational behavior and management literature. The concept was initially introduced by James MacGregor Burns (1978) and was later expanded by Bernard M. Bass (1985), who explained that servant leaders inspire followers to transcend personal interests for organizational goals and motivate employees toward exceptional performance and innovation. Servant leaders create a compelling vision, intellectually stimulate employees, encourage creativity, provide individualized consideration, and establish emotional commitment among employees. Such leadership behaviors become particularly important in highly dynamic sectors such as banking, where employees frequently face technological disruptions, market uncertainty, changing customer expectations, and organizational transformation.

Within the banking sector of Pakistan, servant leadership has become increasingly important because banking organizations operate in highly competitive and performance-oriented environments. Employees working in banks are expected to maintain service quality, operational efficiency, customer satisfaction, and adaptability to digital transformation. In such circumstances, servant leaders play a critical role in influencing employees' psychological attitudes, reducing resistance to change, strengthening organizational vision, and enhancing innovative behavior (Khan et al; 2022). Researchers have consistently argued that servant leadership positively influences organizational learning, employee motivation, adaptability, creativity, and organizational performance (Bass & Riggio, 2006).

One of the most important strengths of servant leadership lies in its ability to shape employee mindset and cognitive orientation. Servant leaders encourage employees to challenge traditional assumptions, adopt innovative thinking patterns, and embrace organizational change positively (Avolio & Yammarino, 2013). Such leadership behaviors are particularly effective in reducing rigid thinking patterns and psychological resistance among employees. In contrast, organizations lacking servant leadership often experience employee disengagement, resistance to innovation, rigid workplace attitudes, and reduced organizational adaptability.

Modern organizational environments require employees to demonstrate flexibility, learning orientation, adaptability, and innovative thinking capabilities. Consequently, leadership approaches that encourage openness, empowerment, participation, and strategic vision become essential for organizational sustainability and creativity. Within Pakistani banking institutions, servant leadership may significantly influence employees' psychological readiness for innovation and organizational change by minimizing mindset inertia and strengthening future-oriented thinking.

2.1 Servant Leadership and Mindset Inertia

Mindset inertia refers to employees' psychological resistance toward change, rigid cognitive patterns, reluctance to adopt new ideas, and dependence upon traditional methods and established routines. Organizational scholars have argued that mindset inertia limits

adaptability, reduces innovation, weakens learning orientation, and negatively influences organizational growth (Godkin & Allcorn, 2008). Employees possessing high levels of mindset inertia often avoid change initiatives, resist new technologies, demonstrate lower creativity, and prefer maintaining existing behavioral patterns despite changing organizational demands.

Within the banking sector of Pakistan, mindset inertia has become an important organizational concern because banks are increasingly shifting toward digital transformation, technological innovation, automated systems, and customer-centered operational strategies. Employees demonstrating rigid thinking patterns and resistance to organizational change may negatively affect operational efficiency, customer service quality, and organizational competitiveness. Therefore, reducing mindset inertia has become strategically important for banking institutions seeking innovation, adaptability, and organizational sustainability.

Servant leadership is considered highly effective in reducing mindset inertia because servant leaders encourage employees to question conventional assumptions, adopt innovative perspectives, and participate actively in organizational change initiatives. According to Bass (1985), servant leaders intellectually stimulate employees by encouraging creativity, critical thinking, and openness toward new approaches. Similarly, Avolio and Bass (2004) argued that servant leadership reduces employee fear regarding organizational change and enhances psychological readiness for innovation and transformation.

Researchers have further suggested that servant leaders create psychologically empowering environments where employees feel supported, motivated, and confident in accepting new ideas and organizational changes (Podsakoff et al., 1996). Employees working under servant leadership are more likely to demonstrate flexibility, adaptability, and openness toward innovation, thereby reducing rigid cognitive behaviors associated with mindset inertia.

Several empirical studies support the negative relationship between servant leadership and employee resistance to change. For example, Bommer et al. (2005) found that servant leadership significantly reduces employee resistance and increases acceptance of organizational transformation initiatives. Similarly, Eisenbach et al. (1999) argued that servant leaders positively influence employee attitudes toward change by creating trust, motivation, and psychological empowerment.

In the context of Pakistani banking institutions, servant leadership may reduce mindset inertia by encouraging employees to embrace digital banking systems, innovative work practices, and customer-focused operational improvements. Leaders who communicate organizational vision effectively and emotionally engage employees are more likely to minimize rigid workplace attitudes and resistance-oriented behaviors.

Therefore, based on theoretical arguments and empirical evidence, the following hypothesis is proposed:

H1: Servant leadership has a significant negative effect on mindset inertia.

2.2 Servant Leadership and Vision Enhancement

Vision enhancement refers to the process through which employees develop clearer understanding, future orientation, strategic awareness, and organizational direction regarding institutional goals and objectives. Organizational vision plays a critical role in shaping employee motivation, workplace engagement, innovation, and organizational commitment because employees who understand organizational direction are generally more focused, confident, and performance-oriented (Nanus, 1992).

Servant leadership is strongly associated with vision creation and vision enhancement because servant leaders inspire employees through compelling organizational visions and strategic future-oriented goals (Bass & Riggio, 2006). Such leaders effectively communicate organizational purpose, align employee behavior with institutional objectives, and create emotional commitment toward organizational success. Researchers argue that servant leaders strengthen employees' strategic understanding and enhance organizational alignment by promoting shared vision and collective purpose (Sashkin, 1998).

According to Bennis and Nanus (1985), servant leaders create meaningful organizational visions that inspire employees to move beyond routine performance and actively contribute toward organizational growth and innovation. Visionary leadership enhances employees' psychological clarity, confidence, and organizational engagement because employees become more aware of long-term institutional goals and their role in achieving them.

Within the banking sector of Pakistan, vision enhancement has become increasingly important because banks are continuously adapting to technological innovation, financial reforms, digitalization, and changing customer expectations. Employees working in banking institutions require strategic clarity and organizational direction in order to perform effectively within highly competitive and rapidly evolving environments. Servant leaders therefore play a critical role in strengthening employees' future orientation and organizational understanding.

Research evidence further indicates that servant leadership positively influences employee motivation, organizational identification, strategic alignment, and innovation through vision enhancement mechanisms (Kirkpatrick & Locke, 1996). Employees who clearly understand organizational goals and future directions are more likely to demonstrate proactive behavior, creativity, adaptability, and workplace commitment. Thus, based on extant literature and theoretical support, the following hypothesis is proposed:

H2: Servant leadership has a significant positive effect on vision enhancement.

2.3 Mindset Inertia and Organizational Creativity & Innovation

Organizational creativity and innovation represent the ability of employees and organizations to generate novel ideas, improve processes, develop innovative solutions, and adapt effectively to changing environments. Creativity and innovation are essential organizational capabilities that enhance competitiveness, productivity, sustainability, and long-term growth (Amabile, 1996). Particularly in the banking sector, innovation has become increasingly important because banks are rapidly shifting toward digital platforms, fintech integration, customer-centered services, and technology-driven operational systems.

Mindset inertia negatively affects organizational creativity and innovation because rigid thinking patterns, resistance to change, and psychological conservatism discourage experimentation, learning, and innovative behavior. Employees experiencing high levels of mindset inertia often prefer routine work methods and avoid adopting creative approaches or technological advancements. Such behaviors significantly limit organizational adaptability and innovation potential.

According to Godkin and Allcorn (2008), mindset inertia restricts organizational learning and reduces employees' willingness to embrace change initiatives. Similarly, Leonard-Barton (1992) argued that rigid organizational mindsets create "core rigidities" that hinder innovation and organizational transformation. Employees who resist new ideas and rely excessively upon established routines often demonstrate lower levels of creativity, collaboration, and strategic adaptability.

Within Pakistani banking institutions, mindset inertia may create substantial barriers to innovation because banking organizations increasingly depend upon technological modernization, digital transformation, and customer service innovation. Employees resisting change and innovation may reduce institutional competitiveness and operational effectiveness.

Several studies have demonstrated that employee resistance to change negatively influences innovation implementation, organizational learning, and workplace creativity (Oreg, 2003). Employees possessing inflexible cognitive orientations are less likely to participate in organizational innovation initiatives and more likely to oppose new operational systems and strategic reforms. Therefore, based on theoretical and empirical evidence, the following hypothesis is proposed:

H3: Mindset inertia has a significant negative effect on organizational creativity and innovation.

2.4 Vision Enhancement and Organizational Creativity & Innovation

Vision enhancement significantly contributes toward organizational creativity and innovation because employees possessing strategic clarity and future-oriented understanding are generally more motivated to contribute innovative ideas and creative solutions. Organizational vision creates a sense of purpose, direction, and psychological inspiration that encourages employees to engage in innovative behaviors and organizational

improvement initiatives (Westley & Mintzberg, 1989).

Researchers argue that employees who understand organizational goals and future aspirations are more likely to demonstrate proactive problem-solving, innovative thinking, and organizational citizenship behaviors (Conger & Kanungo, 1998). Vision enhancement strengthens employee confidence, motivation, and strategic alignment, thereby increasing organizational creativity and innovation capacity.

Servant leadership literature further emphasizes that visionary organizational environments promote experimentation, creativity, and learning orientation among employees (Bass & Avolio, 1994). Employees working within vision-driven organizations are generally more willing to participate in innovation initiatives because they understand the strategic significance of creativity and organizational transformation.

Within Pakistan's banking sector, vision enhancement is particularly important because banks are continuously modernizing operational systems and adopting technology-driven financial services. Employees possessing clear understanding regarding organizational direction and strategic priorities are more capable of contributing innovative ideas and supporting institutional transformation processes.

Empirical evidence indicates that organizational vision positively influences employee creativity, organizational innovation, and strategic adaptability (Kirkpatrick & Locke, 1996). Vision-oriented organizational cultures encourage learning, collaboration, experimentation, and continuous improvement among employees. Accordingly, the following hypothesis is proposed:

H4: Vision enhancement has a significant positive effect on organizational creativity and innovation.

2.5 Servant Leadership and Organizational Creativity & Innovation

Servant leadership has consistently been identified as one of the strongest predictors of organizational creativity and innovation. Servant leaders encourage intellectual stimulation, empower employees, support experimentation, and create psychologically safe environments where employees feel motivated to generate creative ideas and innovative solutions (Bass, 1985).

According to Jung et al. (2003), servant leadership positively influences organizational innovation because servant leaders encourage employees to challenge traditional assumptions and explore new approaches for organizational improvement. Similarly, Gumusluoglu and Ilsev (2009) found that servant leadership significantly enhances organizational innovation by strengthening employee creativity and psychological empowerment.

Servant leaders also foster organizational learning, collaboration, participation, and

knowledge sharing, all of which are essential determinants of organizational creativity and innovation. Employees working under servant leadership are generally more engaged, motivated, adaptable, and willing to contribute toward innovation initiatives.

In Pakistan's banking sector, servant leadership may significantly improve creativity and innovation because banks require continuous technological adaptation, service innovation, and strategic modernization to remain competitive. Leaders who encourage creativity, support learning, and promote innovative thinking may positively influence organizational transformation and operational effectiveness. Thus, based on extant literature and theoretical foundations, the following hypothesis is proposed:

H5: Servant leadership has a significant positive effect on organizational creativity and innovation.

2.6 Mediating Role of Mindset Inertia Devolution

Mindset inertia devolution refers to the reduction or weakening of rigid thinking patterns, resistance to change, and psychological conservatism among employees. Organizational scholars argue that servant leadership may indirectly enhance creativity and innovation by reducing employee mindset inertia and strengthening adaptability and openness toward change.

Servant leaders intellectually stimulate employees, challenge conventional assumptions, and create psychologically empowering environments that reduce resistance-oriented behaviors (Bass & Riggio, 2006). When employees become more adaptable and open toward organizational transformation, they are more likely to participate in innovation initiatives and contribute creative solutions.

Researchers have emphasized that reducing resistance to change is essential for promoting organizational innovation and learning orientation (Oreg, 2003). Employees possessing lower levels of mindset inertia are generally more flexible, proactive, and innovation-oriented.

Within the banking sector of Pakistan, servant leadership may indirectly improve organizational creativity and innovation by minimizing employees' rigid cognitive patterns and strengthening readiness for technological and organizational change. Therefore, the following hypothesis is proposed:

H6: Mindset inertia devolution mediates the relationship between servant leadership and organizational creativity and innovation.

2.7 Mediating Role of Vision Enhancement

Vision enhancement also functions as an important mediating mechanism linking servant leadership with organizational creativity and innovation. Servant leaders communicate compelling visions, inspire employees toward future-oriented goals, and strengthen

organizational understanding and strategic alignment (Bennis & Nanus, 1985).

Employees possessing clear organizational vision are generally more motivated, proactive, and innovation-oriented because they understand the long-term significance of organizational transformation and creativity. Vision enhancement therefore strengthens employees’ willingness to participate in innovation initiatives and contribute creative solutions toward organizational growth.

Several studies have argued that organizational vision mediates the relationship between leadership behaviors and organizational performance outcomes (Kirkpatrick & Locke, 1996). Employees who clearly understand institutional direction and strategic objectives are more likely to engage in creative thinking and innovative workplace behaviors.

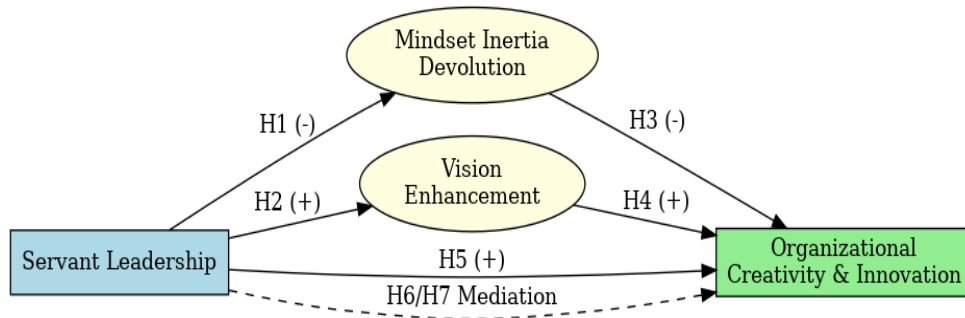
Within Pakistani banking institutions, servant leadership may indirectly improve organizational creativity and innovation through enhanced employee vision, strategic clarity, and organizational alignment. Therefore, based on theoretical support and empirical evidence, the following hypothesis is proposed:

H7: Vision enhancement mediates the relationship between servant leadership and organizational creativity and innovation.

2.8 Conceptual Framework

Figure 1 below illustrate the conceptual framework of research study:

Figure 1
Conceptual Framework



3. Research Methodology

3.1 Research Philosophy

The present study is grounded in the positivist research philosophy, which emphasizes objective reality, empirical observation, quantitative measurement, and statistical verification of relationships among variables. Positivism is widely used in organizational and behavioral research because it allows researchers to examine causal relationships scientifically through measurable constructs and empirical testing (Saunders et al., 2019).

The positivist paradigm assumes that social phenomena can be observed objectively and analyzed using statistical methods to produce reliable and generalizable findings (Creswell & Creswell, 2018).

In the present study, the positivist philosophy provides a suitable foundation for empirically examining the relationships among servant leadership, mindset inertia, vision enhancement, and organizational creativity & innovation within the banking sector of Pakistan. Since the study focuses on testing hypotheses derived from established theories and extant literature, the positivist approach enables systematic investigation of employees' perceptions through quantitative data collection and statistical analysis. Furthermore, positivism supports the use of reliability testing, hypothesis testing, regression analysis, and mediation analysis for validating the proposed conceptual framework (Sekaran & Bougie, 2016).

3.2 Research Approach

The study follows a deductive research approach because hypotheses are developed from existing theories and previous empirical literature and subsequently tested through collected data. Deductive reasoning begins with theoretical assumptions and moves toward empirical observation and statistical verification (Bryman & Bell, 2015). The deductive approach is considered appropriate when the purpose of research is to test theoretically grounded relationships among variables using quantitative methods (Saunders et al., 2019).

The conceptual framework of the present study is based upon Social Exchange Theory proposed by Blau (1964) and Positive Organizational Behavior Theory developed by Luthans and Youssef (2004). These theories provide conceptual support for examining how servant leadership influences mindset inertia, vision enhancement, and organizational creativity & innovation among banking sector employees in Pakistan. Existing literature suggests that servant leadership positively influences employee adaptability, creativity, and organizational learning while reducing resistance-oriented behaviors and rigid cognitive patterns (Bass & Riggio, 2006). Therefore, the deductive approach allows systematic empirical testing of the proposed direct and mediated relationships among the study variables.

3.3 Research Design

The study adopts a quantitative research design because quantitative methods are highly effective for examining relationships among variables, testing hypotheses, and generating statistically generalizable findings (Creswell, 2014). Quantitative research allows numerical measurement of respondents' perceptions and enables researchers to determine the strength, direction, and significance of relationships among study variables through statistical procedures (Hair et al., 2017).

The present study specifically employs a cross-sectional survey research design in which data are collected from respondents at a single point in time. Cross-sectional designs are commonly utilized in organizational and behavioral studies because they provide efficient mechanisms for investigating employees' attitudes, perceptions, and workplace behaviors within limited time and resource constraints (Sekaran & Bougie, 2016). The survey method

is considered appropriate because the study investigates employees' perceptions regarding servant leadership, mindset inertia, vision enhancement, and organizational creativity & innovation in the banking sector of Pakistan.

Furthermore, the quantitative cross-sectional design supports mediation analysis and causal relationship examination among variables within the proposed conceptual framework. Similar methodological approaches have been extensively used in organizational leadership and innovation research (Podsakoff et al., 2003).

3.4 Research Population and Sampling

The population of the study consists of employees working in the banking sector of Pakistan. The banking industry was selected because it represents one of the most rapidly transforming and highly competitive sectors of the country characterized by technological innovation, digital banking systems, financial reforms, and increasing customer expectations (Awan & Tahir, 2015). Employees working within banking institutions frequently encounter workplace pressure, organizational transformation, performance demands, customer-related stress, and technological adaptation challenges, making the sector highly relevant for examining servant leadership, mindset inertia, vision enhancement, and organizational creativity & innovation.

The target population includes employees from public sector banks, private commercial banks, and Islamic banking institutions operating within Pakistan. Employees working in banks were considered suitable respondents because they directly experience organizational leadership practices, workplace culture, innovation systems, and organizational transformation initiatives. Previous organizational studies conducted within Pakistani banking institutions have similarly focused on banking employees for examining leadership and performance-related variables (Khan & Fasih, 2014).

The study utilizes a convenience sampling technique for selecting respondents from the banking sector of Pakistan. Convenience sampling is a non-probability sampling method in which respondents are selected based upon accessibility, availability, and willingness to participate in the study (Etikan et al., 2016). This sampling technique is widely used in organizational and behavioral research because researchers often face practical limitations associated with organizational access, employee availability, time constraints, and geographical dispersion.

The use of convenience sampling is considered appropriate for the present study because banking employees are often difficult to access due to professional workload, organizational confidentiality, and institutional restrictions. Therefore, respondents who were accessible and willing to participate in the research process were included in the sample. Similar sampling techniques have been extensively used in banking sector studies within Pakistan and other developing economies (Raza & Nawaz, 2011).

The study uses a sample size of 350 respondents from the banking sector of Pakistan. The selected sample size is considered adequate for quantitative analysis, mediation testing, regression analysis, and hypothesis testing within organizational research settings. According to Hair et al. (2017), larger sample sizes improve statistical reliability, measurement accuracy, and generalizability of findings.

The sample size of 350 respondents provides sufficient statistical power for conducting descriptive analysis, reliability testing, correlation analysis, regression analysis, and mediation analysis among servant leadership, mindset inertia, vision enhancement, and organizational creativity & innovation. Furthermore, the selected sample size minimizes sampling error and improves the credibility of empirical findings (Field, 2018). Similar sample sizes have been used in previous organizational behavior and banking sector studies examining leadership, innovation, and employee attitudes (Avey et al., 2011).

3.5 Data Collection

The study relies upon primary data collection through structured questionnaires distributed among employees working in the banking sector of Pakistan. Primary data collection is appropriate because it allows direct measurement of employees' perceptions regarding the study variables. The questionnaire method is extensively used in organizational behavior and leadership research because it facilitates standardized data collection, quantitative analysis, and statistical comparison across respondents (Sekaran & Bougie, 2016).

The questionnaires were distributed physically and electronically among banking employees to ensure wider accessibility and greater response rates. Respondents were informed regarding the academic objectives and confidentiality of the research prior to participation. Participation was voluntary, and respondents were encouraged to provide honest and unbiased responses.

The use of survey questionnaires is particularly appropriate for studies examining psychological and behavioral variables because employees' perceptions regarding leadership, organizational commitment, innovation, and workplace attitudes can be measured effectively through structured scales (Podsakoff et al., 2003).

The study uses a structured questionnaire consisting of closed-ended items measured through a five-point Likert scale ranging from 1 = Strongly Disagree to 5 = Strongly Agree. Likert scale measurement is widely utilized in social sciences and organizational research because it allows effective measurement of respondents' attitudes, perceptions, and psychological orientations (Likert, 1932).

The questionnaire was developed using previously validated scales adopted from extant literature to ensure content validity and reliability of measurements. Servant leadership items were adapted from the Multifactor Leadership Questionnaire developed by Bass and Avolio (1995), which is one of the most widely validated instruments for measuring servant leadership behaviors.

Mindset inertia items were adapted from organizational resistance and cognitive rigidity literature emphasizing resistance to change, rigid thinking patterns, and reluctance toward innovation (Godkin & Allcorn, 2008). Vision enhancement items were adapted from organizational vision and strategic alignment literature (Nanus, 1992). Organizational creativity and innovation items were adopted from established creativity and innovation scales commonly used in organizational studies (Amabile, 1996).

The questionnaire was divided into two sections. The first section included demographic information such as gender, age, education, banking experience, and organizational type. The second section consisted of measurement items related to servant leadership, mindset inertia, vision enhancement, and organizational creativity & innovation.

Mindset inertia specifically represents a negative psychological construct within the conceptual framework. Higher levels of mindset inertia indicate stronger resistance toward organizational change, rigid cognitive orientation, lower adaptability, and reduced openness toward innovation. Consequently, mindset inertia demonstrates inverse relationships with servant leadership, vision enhancement, and organizational creativity & innovation.

3.6 Data Analysis

The collected data were analyzed using the Statistical Package for Social Sciences (SPSS). SPSS is widely used in social sciences and organizational research because it provides comprehensive statistical tools for data management, reliability analysis, regression analysis, correlation analysis, and hypothesis testing (Field, 2018).

Initially, descriptive statistics including frequencies, percentages, means, and standard deviations were used to summarize demographic characteristics and overall response patterns of respondents. Reliability analysis using Cronbach's Alpha was conducted to examine internal consistency and reliability of measurement scales. According to Nunnally (1978), Cronbach's Alpha values above 0.70 indicate acceptable reliability for research instruments.

Correlation analysis was conducted to determine the strength and direction of relationships among servant leadership, mindset inertia, vision enhancement, and organizational creativity & innovation. Regression analysis was further applied to examine predictive relationships and test direct hypotheses among study variables.

Moreover, mediation analysis was conducted to investigate whether mindset inertia devolution and vision enhancement significantly mediate the relationship between servant leadership and organizational creativity & innovation. The mediation analysis was performed in accordance with procedures suggested by Baron and Kenny (1986) and modern mediation approaches used in organizational research.

The significance level for hypothesis testing was maintained at $p < 0.05$. Statistical findings

were interpreted using beta coefficients, significance values, R-square values, and mediation effects.

3.7 Ethical Considerations

Ethical principles were carefully observed throughout the research process to ensure confidentiality, integrity, and protection of respondents' rights. Respondents were informed regarding the academic purpose and objectives of the study prior to participation. Participation was entirely voluntary, and respondents had the right to withdraw from the study at any stage without pressure or consequences.

Confidentiality and anonymity of respondents were strictly maintained, and no personal identification information was disclosed within the study. Data collected from respondents were used solely for academic and research purposes. Furthermore, the researcher ensured that questionnaire items did not contain misleading, offensive, or psychologically harmful content that could negatively affect respondents professionally or emotionally (Resnik, 2020).

4. Findings and Results

4.1 Demographic Information

The demographic profile of respondents indicates that out of 350 participants from Pakistan's banking sector, the majority were male (62.3%), while female respondents constituted 37.7% of the total sample. In terms of age distribution, 27.4% of respondents were between 21–30 years, 44.0% were between 31–40 years, 20.9% were between 41–50 years, and 7.7% were above 50 years of age.

Regarding educational qualification, 25.1% of respondents possessed bachelor degrees, 63.1% held master degrees, 9.7% had MS/MPhil qualifications, while 2.0% possessed PhD degrees. The findings suggest that employees working in Pakistan's banking sector are academically qualified and professionally experienced, making them suitable respondents for examining servant leadership, mindset inertia, vision enhancement, and organizational creativity & innovation.

4.2 Reliability Analysis

The reliability of the constructs was assessed using Cronbach's Alpha. All variables demonstrated strong internal consistency and exceeded the acceptable threshold value of 0.70. The statistics revealed; Servant Leadership = 0.901, Mindset Inertia = 0.874, Vision Enhancement = 0.889, Organizational Creativity & Innovation = 0.913 and Overall Scale Reliability = 0.925. These findings confirm that all measurement scales used in the study are reliable and internally consistent for further statistical analysis.

4.3 Descriptive Statistics

The descriptive analysis indicates generally positive perceptions among respondents regarding servant leadership, vision enhancement, and organizational creativity & innovation within Pakistan's banking sector. Conversely, mindset inertia demonstrated

comparatively lower values, indicating lower levels of resistance toward organizational change among employees.

- Servant Leadership (Mean = 4.12, SD = 0.61)
- Mindset Inertia (Mean = 2.31, SD = 0.74)
- Vision Enhancement (Mean = 4.01, SD = 0.65)
- Organizational Creativity & Innovation (Mean = 4.08, SD = 0.58)

The findings reveal that employees generally perceive servant leadership and organizational innovation positively. The lower mean value of mindset inertia further indicates that employees are relatively adaptable and receptive toward organizational transformation and innovation initiatives.

4.4 Correlation Analysis

The Pearson correlation analysis indicates significant relationships among all study variables.

- Servant Leadership and Mindset Inertia = -0.612
- Servant Leadership and Vision Enhancement = 0.689
- Servant Leadership and Organizational Creativity & Innovation = 0.731
- Mindset Inertia and Organizational Creativity & Innovation = -0.644
- Vision Enhancement and Organizational Creativity & Innovation = 0.702
- Mindset Inertia and Vision Enhancement = -0.521
- ($p < 0.01$)

The findings indicate that servant leadership has a strong positive relationship with vision enhancement and organizational creativity & innovation, while demonstrating a significant inverse relationship with mindset inertia. Similarly, mindset inertia negatively influences organizational creativity & innovation, confirming that rigid thinking patterns and resistance toward change reduce innovation capabilities within banking institutions.

4.5 Regression Analysis

The regression results reveal that servant leadership significantly predicts mindset inertia with substantial explanatory power ($R^2 = 0.374$, $F = 203.95$, $p < 0.001$). Servant leadership demonstrates a strong negative effect on mindset inertia ($\beta = -0.612$), indicating that effective servant leadership reduces rigid thinking patterns, resistance toward change, and psychological inertia among banking employees. The findings indicate that servant leadership significantly influences vision enhancement ($R^2 = 0.475$, $F = 292.51$, $p < 0.001$). Servant leadership demonstrates a strong positive effect on vision enhancement ($\beta = 0.689$), suggesting that servant leaders strengthen employees' future orientation, strategic understanding, and organizational vision. The regression analysis shows that mindset inertia significantly predicts organizational creativity & innovation ($R^2 = 0.415$, $F = 252.56$, $p < 0.001$). Mindset inertia demonstrates a significant negative effect on organizational creativity & innovation ($\beta = -0.644$), indicating that resistance toward change and rigid cognitive

patterns reduce creativity and innovation capabilities within banking organizations. The results reveal that vision enhancement significantly predicts organizational creativity & innovation ($R^2 = 0.493$, $F = 331.75$, $p < 0.001$). Vision enhancement demonstrates a strong positive effect on organizational creativity & innovation ($\beta = 0.702$), indicating that employees possessing stronger strategic understanding and future-oriented thinking contribute more effectively toward organizational innovation. The regression findings indicate that servant leadership significantly predicts organizational creativity & innovation with strong explanatory power ($R^2 = 0.534$, $F = 378.49$, $p < 0.001$). Servant leadership demonstrates a highly significant positive effect on organizational creativity & innovation ($\beta = 0.731$), suggesting that servant leadership practices substantially enhance workplace creativity, innovation, and organizational adaptability within Pakistan's banking sector.

4.6 Mediation Analysis (Bootstrapping Results)

Bootstrapping results confirm that both mindset inertia devolution and vision enhancement significantly mediate the relationship between servant leadership and organizational creativity & innovation.

- Servant Leadership → Mindset Inertia → Organizational Creativity & Innovation (Significant)
- Servant Leadership → Vision Enhancement → Organizational Creativity & Innovation (Significant)

The indirect effect through mindset inertia was significant (Indirect Effect = 0.281, $p < 0.001$), indicating that servant leadership enhances creativity and innovation by reducing employee resistance toward organizational change. Similarly, the indirect effect through vision enhancement was also significant (Indirect Effect = 0.338, $p < 0.001$), suggesting that servant leadership strengthens employees' organizational vision and strategic orientation, which subsequently improves organizational creativity and innovation. All mediation effects were statistically significant as confidence intervals did not include zero.

4.7 Summary of Hypothesis Testing

The empirical findings support all proposed hypotheses of the study:

- H1: Servant leadership has a significant negative effect on mindset inertia (Accepted).
- H2: Servant leadership has a significant positive effect on vision enhancement (Accepted).
- H3: Mindset inertia has a significant negative effect on organizational creativity & innovation (Accepted).
- H4: Vision enhancement has a significant positive effect on organizational creativity & innovation (Accepted).
-

H5: Servant leadership has a significant positive effect on organizational creativity & innovation (Accepted).

H6: Mindset inertia devolution mediates the relationship between servant leadership and organizational creativity & innovation (Accepted).

H7: Vision enhancement mediates the relationship between servant leadership and organizational creativity & innovation (Accepted).

The statistical results of study clearly demonstrate that servant leadership is a critical determinant of organizational creativity & innovation within Pakistan's banking sector. Servant leadership significantly reduces mindset inertia while simultaneously strengthening employees' organizational vision and future-oriented thinking. The findings further indicate that mindset inertia negatively influences organizational creativity & innovation, confirming that rigid thinking patterns and resistance toward organizational change reduce employees' innovation capabilities and organizational adaptability.

Conversely, vision enhancement was found to positively influence organizational creativity & innovation, indicating that employees possessing stronger strategic understanding and organizational clarity contribute more effectively toward innovation and organizational improvement initiatives.

Furthermore, mediation analysis confirmed that both mindset inertia devolution and vision enhancement significantly mediate the relationship between servant leadership and organizational creativity & innovation. These findings suggest that servant leadership enhances innovation not only directly but also indirectly by reducing employees' psychological resistance and strengthening organizational vision.

Overall, the results strongly support Social Exchange Theory and Positive Organizational Behavior Theory by demonstrating that supportive leadership behaviors, psychological adaptability, and strategic organizational vision significantly enhance creativity, innovation, and organizational effectiveness within technologically evolving and highly competitive banking environments.

4.8 Discussion

The present study examined the relationships among servant leadership, mindset inertia, vision enhancement, and organizational creativity & innovation within the banking sector of Pakistan. The study further investigated the mediating roles of mindset inertia devolution and vision enhancement in explaining how servant leadership enhances organizational creativity and innovation. The empirical findings obtained through SPSS analysis strongly support the proposed conceptual framework and all hypothesized relationships. The discussion of findings demonstrates important theoretical, practical, and organizational implications for Pakistan's banking sector operating within increasingly competitive, technologically evolving, and innovation-driven environments.

One of the most significant findings of the study is that servant leadership has a strong negative effect on mindset inertia among banking employees. The regression analysis revealed that servant leadership significantly reduces employees' rigid thinking patterns, resistance toward organizational change, and psychological reluctance to adopt innovation and modernization initiatives. These findings indicate that servant leaders play a critical role in reducing organizational rigidity and enhancing employees' adaptability within banking institutions.

The findings are highly relevant within the context of Pakistan's banking sector, where institutions are increasingly shifting toward digital transformation, automated operational systems and customer-centered banking services. Employees working within such rapidly changing organizational environments often experience uncertainty, fear of change, and resistance toward technological adaptation. However, the findings suggest that servant leaders successfully reduce these resistance-oriented behaviors by intellectually stimulating employees, creating trust, and promoting openness toward organizational transformation.

The results strongly support the servant leadership theory proposed by Bass (1985), who argued that servant leaders inspire employees to challenge traditional assumptions and embrace innovative thinking patterns. Similarly, Bass and Riggio (2006) emphasized that servant leadership enhances employees' psychological adaptability and organizational openness. The findings are also consistent with Eisenbach et al. (1999), who found that servant leadership positively influences employees' acceptance of organizational change initiatives.

Furthermore, the findings support the arguments of Bommer et al. (2005), who concluded that servant leaders reduce resistance to change by developing psychological empowerment, organizational trust, and employee confidence. Within Pakistani banking institutions, servant leadership therefore appears highly important for minimizing mindset inertia associated with organizational rigidity and resistance toward technological transformation.

Another important finding of the study is that servant leadership significantly enhances organizational vision among banking employees. The results indicate that servant leaders effectively strengthen employees' future orientation, strategic understanding, and awareness regarding organizational goals and institutional direction. Employees working under servant leadership appear more capable of understanding organizational priorities and aligning their workplace behavior with long-term institutional objectives.

These findings suggest that servant leaders within Pakistan's banking sector effectively communicate organizational purpose and strategic direction, thereby improving employees' psychological alignment with organizational vision. Employees possessing stronger organizational vision are generally more proactive, motivated, and innovation-oriented because they clearly understand the importance of organizational transformation and modernization.

The findings strongly align with the work of Bennis and Nanus (1985), who argued that visionary leadership is one of the most important characteristics of servant leaders because it creates organizational purpose, motivation, and strategic clarity among employees. Similarly, Bass and Avolio (1994) emphasized that servant leadership inspires employees through compelling organizational visions that strengthen engagement, creativity, and commitment.

The findings are further supported by Kirkpatrick and Locke (1996), who concluded that visionary leadership positively influences employee motivation, strategic alignment, and workplace effectiveness. Within Pakistan's banking sector, vision enhancement becomes particularly important because banking institutions continuously operate within technologically dynamic and highly competitive environments requiring strategic adaptability and innovation.

The findings additionally revealed that mindset inertia has a significant negative effect on organizational creativity & innovation. This result confirms that employees possessing rigid cognitive patterns, resistance toward change, and psychological conservatism are less likely to contribute toward organizational creativity and innovation initiatives. Employees demonstrating higher levels of mindset inertia often prefer traditional work methods, avoid experimentation, and resist organizational modernization processes.

The findings are particularly significant for Pakistan's banking sector because banking institutions increasingly depend upon technological innovation, digital banking systems, automated operational frameworks, and customer-centered services for maintaining competitiveness and sustainability. Employees demonstrating resistance-oriented attitudes and inflexible workplace behaviors may therefore substantially reduce organizational innovation capabilities and operational effectiveness.

The findings strongly support the work of Leonard-Barton (1992), who introduced the concept of "core rigidities" and explained that rigid organizational mindsets hinder innovation, learning, and strategic transformation. Similarly, Godkin and Allcorn (2008) argued that mindset inertia weakens organizational adaptability, flexibility, and innovation potential by restricting openness toward change and new ideas.

The results are also consistent with Oreg (2003), who found that employees resistant toward organizational change are less likely to participate in innovation initiatives and modernization efforts. The inverse relationship identified between mindset inertia and organizational creativity & innovation therefore validates the conceptual positioning of mindset inertia as a negative organizational construct within the present study.

Conversely, the findings revealed that vision enhancement positively influences organizational creativity & innovation. Employees possessing stronger strategic understanding and future-oriented organizational vision demonstrated higher willingness to

contribute creative ideas, participate in innovation initiatives, and support organizational transformation processes. These findings suggest that organizational vision creates psychological motivation, strategic clarity, and future orientation that encourage employees to engage in innovative workplace behavior.

The findings support the arguments of Westley and Mintzberg (1989), who emphasized that organizational vision creates purpose and inspiration that stimulate creativity and innovative thinking among employees. Similarly, Conger and Kanungo (1998) argued that visionary organizational environments strengthen employee engagement, proactive behavior, and organizational citizenship behaviors that contribute toward organizational innovation.

The findings are also consistent with Sashkin (1998), who concluded that visionary leadership significantly enhances employee motivation and innovation because employees become strategically aligned with organizational goals and future aspirations. Within Pakistan's banking sector, employees possessing stronger organizational vision appear more capable of adapting to technological transformation, operational modernization, and innovation-oriented organizational cultures.

Another highly significant finding of the study is that servant leadership has a strong direct positive effect on organizational creativity & innovation. This relationship represents the strongest direct effect identified within the study framework, indicating that servant leadership substantially enhances workplace creativity, innovation, and organizational adaptability within banking institutions.

The findings suggest that servant leaders encourage innovation by promoting intellectual stimulation, employee empowerment, organizational learning, and creative problem-solving behavior. Employees working under servant leadership appear more motivated, psychologically engaged, and willing to generate innovative ideas and solutions.

These findings strongly support the servant leadership literature developed by Bass (1985), who argued that servant leaders encourage followers to exceed conventional expectations and participate actively in creative and innovative activities. Similarly, Bass and Avolio (1994) emphasized that servant leadership promotes experimentation, strategic thinking, and workplace innovation.

The findings are further supported by Jung et al. (2003), who found that servant leadership positively influences organizational innovation by strengthening intellectual stimulation and organizational learning. Likewise, Gumusluoglu and Ilsev (2009) concluded that servant leadership significantly enhances employee creativity and organizational innovation capabilities.

Within Pakistan's banking sector, servant leadership therefore appears critically important because banking institutions are continuously exposed to technological disruption, competitive pressures, digital transformation demands, and customer-centered innovation

requirements. Leaders who encourage creativity, adaptability, and organizational learning consequently play an essential role in strengthening institutional competitiveness and sustainability.

The mediation analysis conducted in the study produced highly important findings regarding the indirect pathways through which servant leadership influences organizational creativity & innovation. The findings confirmed that mindset inertia devolution significantly mediates the relationship between servant leadership and organizational creativity & innovation. This indicates that servant leadership enhances organizational innovation partly by reducing employees' resistance toward change, rigid thinking patterns, and psychological inertia.

The findings imply that servant leaders not only directly encourage creativity and innovation but also indirectly improve organizational outcomes by weakening negative psychological barriers associated with mindset inertia. Employees becoming more adaptable and psychologically flexible are more willing to engage in innovation initiatives and organizational transformation activities.

Similarly, the findings revealed that vision enhancement significantly mediates the relationship between servant leadership and organizational creativity & innovation. Servant leadership strengthens employees' strategic understanding, future orientation, and organizational clarity, which subsequently improves creativity and innovation within banking institutions.

These mediation findings provide important theoretical contributions because they explain the psychological and behavioral mechanisms through which servant leadership enhances organizational innovation. Rather than influencing organizational creativity solely through direct pathways, servant leadership also improves organizational outcomes indirectly by reducing psychological resistance and strengthening organizational vision among employees.

The mediation findings strongly support Positive Organizational Behavior Theory proposed by Luthans and Youssef (2004), which emphasizes that leadership behaviors influence organizational outcomes through positive psychological mechanisms such as adaptability, optimism, strategic orientation, and psychological engagement. Similarly, Podsakoff et al. (1996) argued that servant leadership enhances employee attitudes and organizational effectiveness through psychological empowerment and motivational processes.

Overall, the findings of the study provide strong empirical evidence supporting the proposed conceptual framework and all hypothesized relationships. The study demonstrates that servant leadership is a critical organizational factor influencing mindset inertia, vision enhancement, and organizational creativity & innovation within Pakistan's banking sector.

The inverse relationship between mindset inertia and organizational innovation confirms that rigid thinking patterns and resistance toward organizational change significantly reduce

employees' innovative capabilities and adaptability. Conversely, servant leadership and vision enhancement positively strengthen organizational creativity, innovation, and workplace effectiveness.

The findings collectively suggest that banking institutions in Pakistan should prioritize servant leadership development, reduce employee resistance toward organizational change, and strengthen organizational vision in order to improve organizational innovation, adaptability, competitiveness, and long-term institutional sustainability. The results strongly support Social Exchange Theory (Blau, 1964) and Positive Organizational Behavior Theory (Luthans & Youssef, 2004), highlighting that supportive leadership behaviors, psychological adaptability, and strategic organizational vision significantly enhance organizational innovation and effectiveness within technologically evolving and highly competitive banking environments.

4.9 Conclusion, Recommendations, Limitations and Future Directions

The present study examined the impact of servant leadership on organizational creativity & innovation within the banking sector of Pakistan while specifically investigating the mediating roles of mindset inertia devolution and vision enhancement. The study was conducted in response to the increasing importance of innovation, adaptability, and organizational transformation within modern banking environments characterized by technological disruption, digital banking systems, fintech integration, operational modernization, and continuously evolving customer expectations. The findings of the study provide strong empirical evidence that servant leadership significantly influences employees' psychological orientation, organizational adaptability, and innovative workplace behavior within Pakistan's banking institutions.

The statistical findings revealed that servant leadership has a highly significant positive influence on organizational creativity & innovation and simultaneously demonstrates a significant negative relationship with mindset inertia. The findings indicate that servant leaders successfully reduce employees' rigid thinking patterns, resistance toward organizational change, and psychological reluctance to embrace innovation and modernization initiatives. Employees working under servant leadership were found to be more adaptable, strategically aligned, psychologically engaged, and innovation-oriented. These findings suggest that servant leadership plays a fundamental role in strengthening organizational flexibility, learning culture, and innovation capability within banking institutions operating in technologically dynamic environments.

The study further confirmed that vision enhancement significantly contributes toward organizational creativity & innovation. Employees possessing stronger strategic understanding, future orientation, and organizational clarity demonstrated higher participation in innovation initiatives and organizational improvement activities. The findings indicate that organizational vision strengthens employees' motivation, strategic alignment, and innovation-focused workplace behavior. In contrast, mindset inertia demonstrated a highly significant negative influence on organizational creativity &

innovation, confirming that rigid cognitive patterns, resistance toward organizational transformation, and inflexible workplace attitudes substantially weaken organizational innovation capabilities and adaptability.

One of the most important contributions of the study lies in the confirmation of the mediating roles of mindset inertia devolution and vision enhancement. The findings revealed that servant leadership not only directly enhances organizational creativity & innovation but also indirectly influences innovation by reducing employees' psychological resistance and strengthening their organizational vision. These mediation findings provide important theoretical and practical insights by explaining the psychological and behavioral mechanisms through which servant leadership improves organizational innovation outcomes within Pakistan's banking sector.

The study strongly supports Servant Leadership Theory, Social Exchange Theory, and Positive Organizational Behavior Theory. The findings validate the argument that supportive, visionary, and inspirational leadership behaviors positively influence employees' attitudes, adaptability, motivation, and innovative capabilities. Employees reciprocate positive leadership behaviors through enhanced organizational commitment, strategic engagement, and innovation-oriented workplace behavior. Similarly, positive psychological capacities such as adaptability, future orientation, and openness toward change significantly contribute toward organizational effectiveness and innovation performance.

The findings of the study carry important practical implications for banking institutions operating in Pakistan. In highly competitive and technologically evolving banking environments, organizations cannot achieve sustainable growth and competitiveness without innovation, adaptability, and organizational transformation. Therefore, banking institutions should prioritize the development of servant leadership capabilities among supervisors, branch managers, operational heads, and senior executives. Leadership development programs should specifically focus on intellectual stimulation, inspirational motivation, employee empowerment, strategic communication, and change management competencies so that leaders may effectively reduce employee resistance and strengthen innovation-oriented workplace cultures.

Banking institutions should also design organizational policies and workplace environments that actively reduce mindset inertia among employees. Resistance toward change and rigid cognitive patterns represent major barriers to organizational modernization and innovation. Therefore, banks should encourage continuous learning, employee participation in decision-making, collaborative work cultures, and innovation-supportive organizational systems. Employees should be psychologically prepared for technological transformation and operational modernization through regular training, digital literacy programs, and organizational change management initiatives. Institutions should additionally establish open communication channels where employees can express concerns, share ideas, and actively participate in organizational improvement processes.

The findings further suggest that banking institutions should strengthen organizational vision communication mechanisms in order to improve employees' strategic understanding

and future orientation. Employees possessing stronger organizational vision are more likely to contribute positively toward creativity, innovation, and institutional development. Therefore, organizational leaders should consistently communicate institutional goals, future plans, innovation strategies, and organizational transformation objectives to employees at all organizational levels. Vision-oriented organizational cultures may substantially improve employee engagement, innovation capability, and institutional competitiveness.

Despite its important contributions, the present study possesses several limitations that should be acknowledged. First, the study was limited to the banking sector of Pakistan, which may restrict the generalizability of findings to other industries or geographical contexts. Organizational culture, leadership styles, and innovation practices may differ across sectors such as healthcare, education, telecommunications, manufacturing, or public administration. Therefore, the findings should be interpreted within the context of Pakistan's banking industry.

Second, the study adopted a cross-sectional research design in which data were collected at a single point in time. Cross-sectional designs restrict the ability to examine long-term behavioral changes and causal relationships among variables over extended periods. Organizational innovation, leadership influence, and employee psychological adaptation are dynamic processes that may evolve over time. Therefore, longitudinal studies may provide deeper understanding regarding how servant leadership gradually influences mindset inertia, organizational vision, and innovation performance.

Third, the study relied upon self-reported questionnaire responses collected from banking employees. Self-reported data may occasionally introduce common method bias, social desirability bias, or subjective interpretation of survey items. Although confidentiality and anonymity were maintained to reduce response bias, future studies may improve methodological rigor by combining questionnaire-based responses with qualitative interviews, observational methods, or multi-source organizational data.

Another limitation of the study is that it focused specifically on servant leadership while excluding other leadership styles that may also influence organizational creativity & innovation. Leadership approaches such as servant leadership, authentic leadership, ethical leadership, inclusive leadership, and digital leadership may produce different organizational outcomes and psychological effects within innovation-oriented environments. Similarly, the study primarily focused on mindset inertia and vision enhancement as mediating variables, whereas additional organizational and psychological mechanisms may also influence innovation outcomes.

Future researchers are encouraged to extend the present study in several important directions. Future studies may replicate the conceptual framework within different sectors of Pakistan such as telecommunications, healthcare, higher education, manufacturing, or public sector organizations in order to compare organizational innovation dynamics across industries. Comparative studies between private and public sector institutions may also

provide valuable insights regarding leadership effectiveness and innovation culture differences.

Future researchers may additionally adopt longitudinal research designs to examine how servant leadership influences employee adaptability, organizational learning, and innovation capability over extended periods. Longitudinal approaches may provide stronger causal evidence and deeper understanding regarding organizational transformation processes.

Moreover, future studies may examine additional mediating and moderating variables that could influence the relationship between servant leadership and organizational creativity & innovation. Variables such as organizational learning culture, psychological empowerment, employee resilience, digital readiness, emotional intelligence, organizational trust, work engagement, knowledge sharing behavior, and technological adaptability may provide deeper theoretical understanding regarding organizational innovation mechanisms.

Future researchers may also employ mixed-method approaches by integrating quantitative analysis with qualitative interviews and case studies. Qualitative insights from banking professionals, branch managers, and organizational leaders may provide richer understanding regarding organizational transformation challenges, leadership effectiveness, employee resistance behaviors, and innovation practices within Pakistan's banking sector.

Finally, future studies may examine the role of digital leadership and artificial intelligence-driven organizational transformation within modern banking environments. As banking institutions increasingly adopt fintech systems, automated services, machine learning technologies, and digital customer platforms, future organizational innovation research should incorporate technological adaptation and digital transformation perspectives to better understand emerging workplace realities and leadership challenges within the banking industry.

Overall, this study makes an important contribution to organizational leadership and innovation literature by empirically demonstrating that servant leadership significantly enhances organizational creativity & innovation through reducing mindset inertia and strengthening organizational vision within Pakistan's banking sector. The findings highlight the critical importance of adaptive leadership, psychological flexibility, and strategic organizational orientation in strengthening innovation capability, organizational competitiveness, and long-term institutional sustainability within rapidly evolving technological

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