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Influence of positive leadership on team creativity in SMEs: Chain mediation research based on psychological safety in the team and entrepreneurial passion

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Abstract

This study examines the role of positive leadership in fostering team creativity in the context of small and medium-sized enterprises (SMEs) in China, focusing on the mediating mechanisms of team psychological safety and team entrepreneurial passion as dynamic internal factors linking leadership behaviors to creative team outcomes. Data were collected from 604 team leaders from different SME sectors and analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The results show that positive leadership has both direct and indirect effects on team creativity, with psychological safety and entrepreneurial passion serving as important mediators that foster trust, intrinsic motivation, and emotional energy conducive to innovation. This study makes a theoretical contribution by proposing a novel integrative framework that links positive leadership to creative behavior via psychological and emotional team dynamics and offers practical insights for SME leaders seeking to foster a culture of sustainable innovation under resource constraints and rapidly evolving business conditions.

Keywords: Positive leadership, Team creativity, Team entrepreneurial passion, Team psychological safety.

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1. Introduction

Small and medium-sized enterprises (SMEs) play a crucial role in the economic development of modern China, especially at a time of great global economic uncertainty. The adaptability and resilience of SMEs contribute significantly to the stability of the national economy. The key characteristics of SMEs include their large number, their wide geographical distribution across the country, and their involvement in various industries, both traditional and modern. These characteristics have made SMEs an important driving force for economic activity at local and national levels [1]. Currently, SMEs contribute

up to 60% of China's gross domestic product (GDP), account for over 90% of all enterprises in the country, generate more than 40% of tax revenue, and employ over 75% of the urban labor force. Furthermore, SMEs are responsible for around 70% of technological development activities [2]. It is therefore fair to say that SMEs are a fundamental cog in the machinery of China's economic engine.

In recent years, the Chinese government has increasingly prioritized the development of SMEs through policy measures and financial support. This is due to the inherent strengths of SMEs, which are better able to adapt to market changes than large enterprises, their relatively simple management structures, and their ability to continuously innovate and develop new business approaches [3]. These capabilities enable SMEs to serve as important drivers of economic restructuring, create employment opportunities, and function as a training ground for talent that can later emerge as leaders in companies [4, 5].

One of the mechanisms that promotes the growth and innovation of SMEs is team creativity that arises from the collaborative efforts of the team members. By integrating different knowledge, skills, and perspectives, teams can develop new ideas and problem-solving strategies that bring new value to the organization. This concept is often referred to as synergy, meaning that the collective outcome exceeds the sum of individual contributions [6, 7]. Furthermore, research has shown that positive leadership significantly enhances a team's ability to achieve creative results. Leaders play a critical role in fostering an environment that encourages initiative and open expression [8, 9].

Positive leadership refers to a leadership style that emphasizes virtuous qualities such as compassion, optimism, fairness, and a committed intention to move the organization forward. Leaders who exhibit these qualities are able to create an open and supportive work atmosphere that encourages team members to express their ideas, collaborate, reduce the fear of speaking up, and increase overall motivation [10]. According to social learning theory, employees learn by observing the behavior of their leaders, such as how they deal with challenges or make decisions, and then apply these learned behaviors to their own work context. This process encourages creative thinking and innovation [11].

In addition, the promotion of team creativity must take place in an environment known as psychological safety. This is the shared belief among team members that they can express their thoughts without fear of criticism or devaluation [12]. When such a climate is created, collaboration is more likely to thrive, and innovation can be achieved more effectively. Another crucial factor is entrepreneurial passion, i.e., the positive energy that comes from enthusiasm for one's work and a firm belief in one's own abilities. Team members who have entrepreneurial passion tend to work energetically, commit to creating novel outcomes, and show courage when it comes to developing new products, services, or ideas for the benefit of the organization. Positive leadership reinforces this entrepreneurial passion by providing opportunities, offering support, and fostering an environment where continuous experimentation is encouraged [13].

Taken together, these insights reveal that psychological safety and entrepreneurial passion function as internal mechanisms that mediate the relationship between positive leadership and team creativity. Understanding the role of these two factors can help managers plan and develop their teams more effectively, ultimately leading to sustainable innovation and long-term organizational growth. The research framework with the proposed hypotheses can be found in Figure 1.

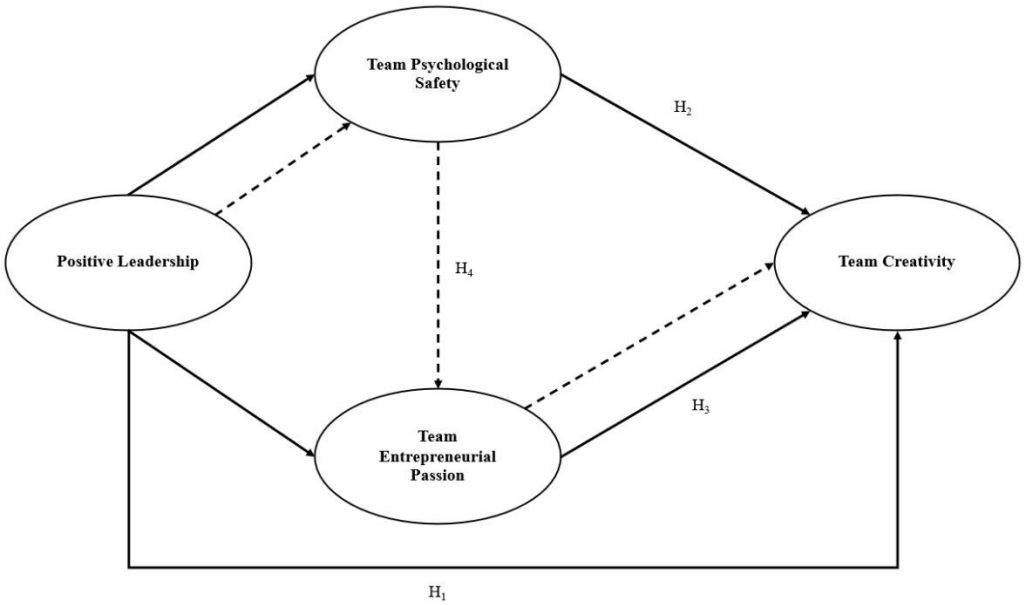

Figure 1.
Research model with hypotheses.

2. Literature Review and Hypothesis Development

2.1. Positive Leadership and Team Creativity

Positive leadership refers to an approach to leadership that focuses on fostering employee engagement and improving job performance through the application of positive attitudes and behaviors by leaders that inspire individuals to reach their full potential and strengths. This leadership style also promotes the physical and psychological well-being of employees [14]. Positive leaders encourage ethical behavior and instill a sense of purpose in work, which helps to create a workplace atmosphere that fosters sustainable learning, growth, and creativity.

In practice, positive leaders play a central role by recognizing and valuing team members' strengths, encouraging participative decision-making, and providing opportunities for creative problem-solving. These behaviors lead to greater employee engagement and better team performance [15]. This type of leadership is particularly beneficial for small and medium-sized enterprises (SMEs), which must constantly adapt and innovate in order to be successful.

In addition, positive leadership is based on essential components at the organizational level that enable leaders to perform their roles effectively. One of these components is affirmation of the leader, i.e., recognition and acceptance by subordinates. This promotes alignment with the manager's goals and management strategies, facilitates smooth collaboration, and encourages the exchange of creative ideas [16]. Another crucial factor is the manager's role effectiveness, which refers to the manager's confidence in his or her own leadership role. Leaders who have high role efficacy are more decisive, goal-oriented, and optimistic when faced with challenges, thus strengthening the trust and motivation of the team [17]. Ultimately, the concept of growing together, a process in which leaders and team members learn and develop together, helps to create a culture of collaboration and sustainable progress. This, in turn, contributes significantly to increasing creativity at the team level [18].

Based on the above theoretical foundation, the present study proposes that positive leadership is significantly and positively related to team creativity, especially in the context of SMEs. The application of positive leadership practices can stimulate team members to realize their full potential and promote a work culture that fosters innovation. Therefore, the following hypothesis is proposed:

H_1: Positive leadership is positively related to team creativity in small and medium enterprises.

2.2. The Role of Psychological Safety in the Team as a Mediator

Psychological safety refers to a mental state in which team members feel sufficiently safe to express their opinions, reveal mistakes, or make suggestions without fear of negative consequences for their image or professional standing [19]. This state facilitates the willingness to take risks in communication, encourages constructive criticism, and enables transparent dialogue. All of this contributes directly to the creativity of the team [20].

On a mechanistic level, psychological safety is influenced by several factors. One of these factors is team identification, which reflects the extent to which individuals feel a psychological bond or spiritual connection to their team. Team members with a high level of identification are more likely to align their behavior with group goals and participate positively in collaborative efforts [21]. Such identification fosters a sense of belonging and increases members' willingness to express their views and accept diversity of thought.

Furthermore, psychological safety is cultivated through trust in the team, which is defined as trust in the actions and intentions of other team members [22]. Trust is a prerequisite for effective collaboration and creates an environment where open communication is welcomed, feedback is accepted, and shared responsibility is encouraged. This dynamic forms the basis for flexible and creative work processes.

Social skills also play a central role at an individual level. These refer to the skills required for effective communication and interpersonal interaction that help to build mutual understanding, reduce conflict, and foster personal and collective connections [23]. Individuals with high levels of interpersonal skills tend to develop strong relationships with both peers and leaders, thereby improving the overall team atmosphere and facilitating the development of new ideas with the courage to implement them.

Overall, psychological safety proves to be a crucial mediating variable that promotes team creativity by fostering trust, cohesion, and open communication. These factors are particularly important in the context of SMEs, which require continuous adaptation and development [24, 25]. In this context, positive leaders play a crucial role in cultivating a culture that values diverse perspectives and encourages innovative initiatives by providing emotional support and adequate resources. Accordingly, the following hypothesis is proposed:

H_2: The relationship between positive leadership and team creativity is mediated by psychological safety within the team.

2.3. The Role of Team Entrepreneurial Passion as a Mediator

Team entrepreneurial passion refers to an emotional dynamic that arises from interpersonal interactions within a team and results from a shared perception of the value, importance, and goals of innovative activities. This collective awareness leads to enthusiasm, passion, and a unified commitment from team members. This passion is not just the sum of individual motivation but rather a product of emotional transmission and mutual influence that creates a working atmosphere charged with positive emotional energy [26].

In this context, positive leadership plays a crucial role as an emotional transmitter that is able to promote mutual identification and stimulate a co-directed emotional drive among team members. This, in turn, promotes initiative, commitment, and systematic creativity [27]. These mechanisms work both from the bottom up, through the behavior of individual members, and from the top down, through the general team climate. As a result, even members who initially show little motivation can be activated by the "collective emotional energy" cultivated by the team.

One systemic condition that promotes this entrepreneurial drive is the atmosphere of innovation within the team. It reflects the members' shared perception of the level of innovation support within the team, which includes vision, participation, psychological safety, and encouragement from leadership [28]. A clearly defined innovation atmosphere encourages team members to experiment freely, express ideas without fear of failure, and develop creative solutions. This climate helps to foster entrepreneurial passion at the team level.

Another important component is job satisfaction, which refers to the level of satisfaction of team members in relation to their work environment, their psychological state during work, and the compensation they receive [29]. Job satisfaction

significantly influences members' attitudes and behaviors at work, including their motivation to engage in entrepreneurial activities. Research has shown that job satisfaction is positively associated with work-related passion, especially when this satisfaction is characterized by appropriate responses to psychological and physical contextual needs [30].

In the context of small and medium-sized enterprises (SMEs), where innovation and creativity are essential for the survival and growth of a team, entrepreneurial passion acts as an "emotional catalyst," fostering collaboration, trust, and risk-taking, and serving as both a reservoir of emotional energy and a strategic resource that enhances the team's innovation potential. Accordingly, the following hypothesis is proposed:

H_3: The relationship between positive leadership and team creativity is mediated by team entrepreneurial passion.

2.4. The Continuous Mediating Effects of Team Psychological Safety and Team Entrepreneurial Passion

As a key component of social capital, psychological safety in the team plays a crucial role in fostering entrepreneurial passion, especially in dynamic environments that require constant innovation. In this context, psychological safety refers to a team climate that allows for the open expression of opinions, the exchange of information, and fear-free interaction, thus fostering trust and collaboration among members [31]. Such an environment facilitates emotional exchange, mutual support, and authentic commitment to common goals.

On a psychological level, psychological safety also supports basic human needs such as autonomy, competence, and belonging, all of which are crucial factors for intrinsic motivation. When these needs are supported by positive leadership, they are further strengthened. Positive leaders encourage participation, self-expression, and personal development in a safe and trusting environment [32].

When a climate of trust and collaboration is firmly established, psychological safety becomes the foundation upon which entrepreneurial passion can spread throughout the team. Team members begin to show enthusiasm and commitment to the company's goals, behave innovatively, and contribute to the sustainable development of collective creativity.

This continuous facilitation mechanism is further reinforced by setting creativity goals. This refers to the definition of work objectives based on the criteria of novelty and utility. When teams and individuals set creativity-related goals and engage in ongoing self-assessment, their motivation to engage in creative activities is strengthened [33]. This is particularly pronounced in individuals with creative self-efficacy, for whom creativity-related goals increase both effort and confidence in overcoming challenges [34].

Another reinforcing factor is group potential, defined as the team members' shared belief in their collective ability to succeed at various tasks [35]. Teams with high perceived group potential demonstrate greater confidence in problem-solving, flexible role adoption, and a willingness to experiment with new methods - conditions that continuously foster creativity and entrepreneurial behavior at the team level.

In summary, psychological safety cultivates an environment that fosters the emergence of entrepreneurial passion. This acts as a source of emotional energy that drives innovation-related goals, belief in team potential, and confidence in initiating novel endeavors. Together, these elements form a continuous mediation pathway from positive leadership to team creativity that functions systematically and sustainably. Accordingly, the following hypothesis is proposed:

H_4: Positive leadership is related to team creativity through the continuous mediating effects of team psychological safety and team entrepreneurial passion.

3. Research Methods

3.1. Methodology Design

This study employs a quantitative research approach and focuses on examining the direct and indirect relationships between the core variables: positive leadership, psychological safety in the team, entrepreneurial passion in the team, and creativity in the team. The data analysis was performed with Smart-PLS, a software developed to perform Partial Least Squares Structural Equation Modeling (PLS-SEM). This technique is particularly suitable for testing complex structural models involving multiple levels of relationships between latent variables. The data for this study were collected using structured questionnaires designed to capture the beliefs, attitudes, intentions, and behaviors of the sample population. The collected data were then subjected to statistical analysis to assess both causal (direct) effects and mediated (indirect) effects between the main variables. The analytical process was based on deductive reasoning that focused on the reliability of the results and the generalizability of the findings [36]. This research design allows for a systematic, precise, and statistically sound assessment of the extent to which positive leadership influences team psychological safety, entrepreneurial passion, and team creativity, both individually and through sequential mediating mechanisms.

3.2. Data Collection

This study was conducted in the context of small and medium-sized enterprises (SMEs) in China. Stratified random sampling was used to ensure that the structure of the sample matches the characteristics of the target population. This sampling approach increases the internal validity of the study by improving representativeness across key demographic and sectoral strata. Data were collected using a combination of online questionnaires and mailed surveys, primarily targeting team leaders in various business sectors. These sectors included information technology and internet services, wholesale and retail trade, logistics, and manufacturing within SME industry clusters. The sampling frame was constructed based on publicly available data from the National Bureau of Statistics of China and information from the Ministry of Commerce and the Ministry of Finance. However, since there is no comprehensive and centralized national database for SMEs, the study also incorporated convenience sampling during the data collection phase to ensure sufficient and appropriate access to the target population [37]. Most of the participating companies were consistent with the objectives of this study, especially in terms of

formal or emerging adoption of positive leadership practices, which is consistent with the hypotheses and theoretical framework of the study. This also supports the appropriateness of the sampling and data collection methods used.

During the field research phase, the research team contacted 650 companies to take part in the survey. The result was 604 fully completed questionnaires, which corresponds to a response rate of 92.92% - a statistically robust and highly reliable return rate. Most of the responding companies were SMEs with 10 to 300 employees (see Table 1). The data collection focused on the team leaders in each company, especially those who are experienced in business management, have extensive knowledge of the company's operational structure, and are willing to provide deep insights into team dynamics and internal processes. Consequently, the responses from this group of informants are considered to have a high degree of trustworthiness and data effectiveness, which makes them highly suitable for quantitative analysis at a structural level.

Table 1.
Demographic summary of Enterprise.

Number of Enterprise	Frequency	Respondent percentage
Less than 10 people	42	6.95
10-50 people	203	33.61
50-300 people	297	49.17
More than 300 people	62	10.27
Total	604	100

3.3. Measurement

In this study, the measurement instruments for the core variables were developed based on standardized scales that have been widely accepted and validated in previous research. All items were rated using a 5-point Likert scale ranging from 1 = "strongly disagree" to 5 = "strongly agree." The instrument development process involved a comprehensive review of the relevant literature and the adaptation of existing measurement items to suit the specific context of SMEs in China. A preliminary draft of the questionnaire was reviewed for content validity by a panel of three business management experts. They reviewed the items and made suggestions for clarification and refinement to ensure conceptual accuracy and contextual relevance. Prior to the main phase of data collection, a pretest was conducted with a sample of 74 respondents. The purpose of this pretest was to assess respondents' understanding of the questionnaire items, evaluate content consistency, and determine the initial reliability of the measurement scales. The pretest served to confirm the effectiveness of the instrument and allowed necessary adjustments to be made to address any weaknesses identified before the final version of the questionnaire was used for large-scale data collection.

3.4. Analysis Method

In this study, the researcher used Partial Least Squares Structural Equation Modeling (PLS-SEM) to evaluate the proposed structural model. This method is considered particularly suitable for exploratory research, especially when dealing with complex models, non-normally distributed data, and relatively small sample sizes [38].

The analysis was conducted in two main stages. The first stage involved the assessment of the measurement model, which aimed to examine the reliability and validity of the research instruments. This included an assessment of composite reliability (CR), average variance extracted (AVE), and factor loadings to ensure the convergent validity of the latent constructs. Subsequently, in the second phase, the structural model with which the assumed relationships between the variables were tested was evaluated. The bootstrapping technique was used to determine the statistical significance of the path coefficients. This also enabled the investigation of indirect effects within the model. Bootstrapping provides a robust method for analyzing relationships in complex models without being constrained by distributional assumptions or internal variable limitations, thereby increasing the precision and credibility of the analysis.

Overall, PLS-SEM is a particularly suitable tool for investigating the comprehensive effects of positive leadership on team psychological safety, team entrepreneurial passion, and team creativity, as it offers both methodological flexibility and statistical rigor.

3.5 Measurement Model Analysis

3.5.1. Building Reliability and Validity

Cronbach's alpha coefficients were used to assess the reliability of the data collected with the questionnaire. The analysis revealed that all constructs had reliability scores above .70, indicating a high degree of internal consistency between items measuring the same construct. It can be concluded that the questionnaire used in this study has a satisfactory and appropriate level of reliability for statistical analysis.

To evaluate convergent validity, the analysis included assessments of standardized factor loadings, Composite Reliability (CR), and Average Variance Extracted (AVE). The results, obtained through Smart-PLS and summarized in Table 2, indicate that all indicators had factor loadings above 0.50, meeting the commonly accepted threshold. This suggests that each indicator effectively represents its associated latent construct. Furthermore, all latent variables achieved AVE values greater than 0.50 and CR values exceeding 0.70, confirming that the constructs in the measurement model demonstrate acceptable levels of convergent validity. Table 2 clearly presents the results of these analyses and provides evidence that the AVE values reflect adequate convergent validity within the measurement model applied in this study.

Table 2.
Project loads of potential structures.

Variable	Factor Loading	Cronbach's Alpha	CR	AVE
Positive leadership	0.848	0.912	0.870	0.691
	0.814			
	0.831			
Team psychological safety	0.825	0.908	0.860	0.671
	0.812			
	0.821			
Team entrepreneurial passion	0.838	0.902	0.862	0.758
	0.902			
Team creativity	0.801	0.886	0.855	0.747
	0.923			

3.5.2. Discriminant Validity

In this study, discriminant validity was assessed using the Fornell-Larcker criterion, which compares the square root of the Average Variance Extracted (√AVE) of each latent construct with the correlation coefficients between that construct and all other constructs [39]. Discriminant validity is considered acceptable when the square root of a construct's AVE is greater than its correlations with other constructs. This indicates that each latent variable is empirically distinct and conceptually separable from the others. The results obtained through Smart-PLS, as summarized in Table 3, show that for all latent variables in the research model, the square roots of the AVE values are greater than the inter-construct correlation coefficients. This finding confirms that the constructs are clearly distinguished from one another and that each one measures a unique conceptual domain. Accordingly, the discriminant validity of the overall model is deemed to be satisfactory, supporting the model's capacity to analyze and interpret individual constructs effectively. These results further validate the appropriateness and robustness of the structural model, both in terms of conceptual clarity and the accuracy of the relationships among variables.

Table 3.
Discriminant validity.

	GT	CGS	TT	TIA	TI	JS	SS	GP	LR	LE
Growing together	**0.861**									
Creativity Goal Setting	0.297	**0.879**								
Team trust	0.225	0.289	**0.864**							
Team Innovation Atmosphere	0.247	0.272	0.338	**0.861**						
Team identification	0.260	0.298	0.503	0.283	**0.858**					
Job Satisfaction	0.269	0.329	0.352	0.521	0.310	**0.852**				
Social skill	0.260	0.281	0.493	0.328	0.523	0.316	**0.861**			
Group potential	0.240	0.509	0.279	0.296	0.324	0.306	0.265	**0.836**		
Leader role-efficacy	0.503	0.293	0.223	0.292	0.252	0.322	0.280	0.279	**0.855**	
Leadership endorsement	0.568	0.321	0.188	0.277	0.233	0.299	0.245	0.265	0.535	**0.861**

3.6. Structural Model Evaluation

Smart-PLS software was employed to conduct path analysis to evaluate the path coefficients and the statistical significance of the structural model [40]. The results of the path analysis, as generated by Smart-PLS, are presented in Table 4 and Figure 2. These outputs illustrate the hypothesized relationships among the variables, clearly indicating the magnitude of path coefficients and the levels of statistical significance for each hypothesized path within the model.

Table 4.
Path Coefficient Results.

H	Path relation	β	SE	t	p	Decision
H1	Positive leadership → Team creativity	0.219	0.041	5.326	0.000	Accepted
H2	Positive leadership → Team psychological safety → Team creativity	0.083	0.018	4.682	0.000	Accepted
H3	Positive leadership → Team entrepreneurial passion → Team creativity	0.054	0.014	3.832	0.000	Accepted
H4	Positive leadership → Team psychological safety → Team entrepreneurial passion → Team creativity	0.026	0.006	3.973	0.000	Accepted

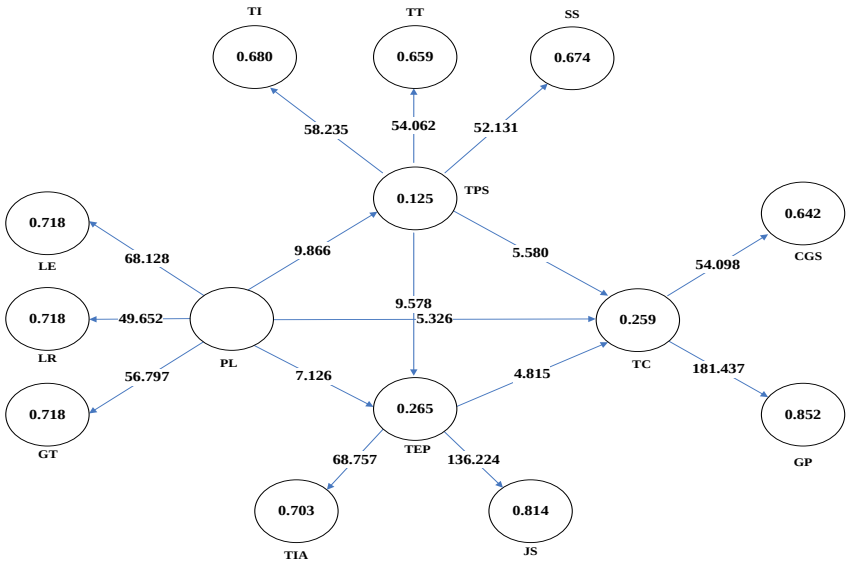

Figure 2.
PLS-SEM showing positive relationships in variables.

The results of the PLS-SEM analysis show that: (H1) There is a significant positive relationship between positive leadership and team creativity within Small and Medium Enterprises (SMEs). The statistical results indicate a path coefficient of $\beta = .219$, $t = 5.326$, and $p < .05$, confirming that positive leadership has a direct and statistically significant effect on team creativity. Therefore, Hypothesis 1 is supported. Furthermore, the results show that: (H2) The analysis also found that team psychological safety exerts a significant indirect effect on the relationship between positive leadership and team creativity, with a coefficient of $\beta = .083$, $t = 4.682$, and $p < .05$. This confirms the role of psychological safety as a significant mediating variable, supporting Hypothesis 2. (H3) Similarly, team entrepreneurial passion also demonstrated a significant positive indirect effect on the same relationship, with a coefficient of $\beta = .054$, $t = 3.832$, and $p < .05$. This result suggests that entrepreneurial passion effectively functions as a mediator, reinforcing the impact of positive leadership on team creativity. Thus, Hypothesis 3 is supported. Lastly, when considering team psychological safety and team entrepreneurial passion as sequential mediators, the analysis showed a significant positive indirect effect on the relationship between positive leadership and team creativity. The path coefficient was $\beta = .026$, $t = 3.973$, and $p < .05$, thereby confirming Hypothesis 4 (see Figure 2).

4. Discussion

The aim of this study was to investigate how positive leadership influences team creativity in small and medium-sized enterprises (SMEs) in China, with a particular focus on the mediating role of team psychological safety and team entrepreneurial passion. The results of the quantitative analysis confirmed the proposed hypotheses and showed that positive leadership significantly influences team creativity by creating an inspiring environment, fostering positive emotions among team members, and cultivating a shared awareness of the meaning, responsibility, and purpose of work. Leaders with positive traits spark team creativity by developing a shared vision, challenging established norms, and serving as innovative role models [41]. These behaviors have a positive impact on the overall creative capacity of the team. This finding is consistent with Lan and Chienwattanasook [42], who found that team entrepreneurial orientation, identification with the team, leadership effectiveness, and trust significantly influence team creativity.

At the same time, fostering creativity, especially in a way that enables team members to develop new approaches, methods, and strategies, requires an environment in which individuals feel safe to express their ideas without fear of criticism or stigmatization [43]. Psychological safety reduces non-constructive conflict, promotes knowledge sharing, and increases the likelihood that members will propose innovative ideas and feel a strong sense of belonging. Trust, mutual respect, and acceptance of different perspectives are key elements that promote creativity [44]. Positive leaders contribute to psychological safety by modeling appropriate behavior, engaging in open communication, and providing positive reinforcement. These behaviors encourage members to actively participate in discussions, freely express their views, and make decisions together. The result is stronger team cohesion and more effective coordination [45].

In addition, entrepreneurial passion within the team plays a crucial role in fostering creativity. This type of passion generates emotional energy that motivates team members to maintain a positive attitude, proactively collaborate, and seek new solutions to problems Newman et al. [46]. Hubner et al. [47] found that entrepreneurial thinking is associated with emotional, intellectual, and motivational dynamics, all of which are essential for creativity at the team level. Positive leadership fosters this form of passion by creating an emotionally empowering environment, aligning team goals, and responding to individual needs, thus promoting intrinsic motivation and sustained engagement in innovation-related activities [48].

The empirical results of this study show that team members develop trust, collaborate effectively, and maintain the intrinsic motivation to constantly propose new ideas when leaders succeed in creating psychological safety within the team

while fostering entrepreneurial passion. This dynamic contributes to a high level of creative performance at the team level. Accordingly, this study concludes that positive leadership effectively fosters team creativity through the interdependent mediating mechanisms of team psychological safety and team entrepreneurial passion. Both mediators act as enduring internal drivers and form critical conditions for the development of innovative teams, especially in the highly uncertain and competitive environment faced by SMEs.

5. Theoretical Implications

This study integrates three important conceptual dimensions of positive leadership, team psychological safety, and team entrepreneurial passion to propose a novel conceptual framework that significantly expands the existing body of knowledge in the field of positive leadership studies. First, this research deepens our understanding of the mechanisms by which positive leadership influences team creativity. It shows that the effects of positive leadership on innovative outcomes are not only direct but are also mediated by complex and dynamic internal variables in the team context. This finding underscores that leadership effectiveness unfolds through more complex team processes than previously thought. Second, the study introduces a chain-in-mediation model that explains the sequential and cyclical interactions between internal mediating variables, namely feelings of safety and emotional drive in the team context. It is shown that these dynamics have a lasting impact on creative behavior. By linking positive leadership and team creativity through a dual mediation pathway involving psychological safety and entrepreneurial passion, this study demonstrates the multi-layered and recursive nature of leadership processes. Thus, the study contributes to a more nuanced perspective on leadership dynamics and sheds light on the intra-team mechanisms that foster or constrain creative behavior. It opens new avenues for understanding how emotional and psychological states fostered by leadership influence innovation at the team level, particularly in the context of SMEs operating under conditions of high uncertainty and competitiveness.

6. Management Implications

In the context of SMEs, which typically operate with lean organizational structures and limited resources, it is crucial for such organizations to consciously and systematically cultivate positive leadership in order to unleash the full creative potential of their teams. As SMEs are “small and fragile” by nature, employees often face a great deal of uncertainty regarding their career trajectory. For this reason, leaders should consistently demonstrate integrity and ethical behavior, signaling trust, psychological safety, and positive support to their teams. Leaders are encouraged to create a work environment that fosters constructive participation, clearly communicates creativity-oriented goals, and inspires team members to confidently express their ideas. Such practices are essential to building a culture in which creativity can flourish.

In addition, SMEs must also recognize the importance of cognitive and psychological factors that directly influence team members' ability to generate creative ideas. To this end, leaders should actively promote psychological safety in teams by establishing behavioral norms that encourage collaboration, implementing effective incentive systems, and creating transparent communication channels that build interpersonal trust. Empowering team members to make autonomous decisions within their area of expertise also improves operational agility and overall organizational efficiency.

It is equally important to cultivate entrepreneurial passion within the team, which is a crucial internal source of energy that drives creativity and innovation. This form of passion should be viewed as a strategic resource with far-reaching implications for an organization’s competitiveness, sustainability, and long-term growth. Leaders can stimulate entrepreneurial passion through a variety of approaches, such as positive role behavior, communicating a compelling corporate vision and mission, creating shared values and collective goals that strengthen intra-team collaboration, and establishing structured support and encouragement mechanisms. By driving innovation together and seeing challenges as learning and development opportunities, companies can significantly increase the creativity of their teams. In this regard, positive leadership serves as the central axis around which a collaborative, value-creating, and innovation-driven organizational culture is built, laying the foundation for sustainable development in the age of the innovative economy.

7. Limitations and Future Directions

Although this study provides valuable insights into the role of positive leadership in fostering team creativity in the context of small and medium-sized enterprises (SMEs), several limitations should be noted. First, the sample used in this study was drawn exclusively from SMEs in China, a context that may have different cultural norms, management practices, and organizational structures compared to other countries or larger companies. Therefore, the generalizability of the results may be limited, especially in contexts with different social or business cultures. Future research should therefore expand the sample size to organizations in different national and organizational contexts to allow a more robust assessment of the applicability of the model in different settings. Second, the study is based on cross-sectional data, which limits the ability to capture dynamic causal relationships over time. Consequently, future studies would benefit from using longitudinal data to observe how the effects of positive leadership on team creativity evolve and persist over time. A longitudinal approach would provide deeper insights into the sustainability and time course of these effects. Third, the current study focused only on two mediating variables: psychological safety within the team and entrepreneurial passion within the team. Although these internal mechanisms are important, other factors can also influence team creativity. For example, team communication and organizational support are additional variables that could play a critical role in shaping creative outcomes. Future research should incorporate these and other relevant constructs into the conceptual framework to gain a more comprehensive understanding of the complex mechanisms linking leadership behavior to creative team performance. In summary, future

studies that address these limitations may contribute to a more holistic and context-dependent understanding of how positive leadership fosters creativity in team-based environments.

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