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Transactional Leadership And Followers' Innovative Behavior: Roles Of Commitment To Change And Organizational Support For Creativity

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Abstract

Aim: This study aimed to enrich and bridge the research gap in the extant literature for transactional leadership and followers' innovative behavior first directly then through mediating role of commitment to change and afterwards moderating role of organizational support for creativity.

Design/methodology/approach- Questionnaire survey based strategy was adopted to collect the responses from the employees working in startups. Further the collected data was analysed using PLS-SEM.

Findings – Study concluded that transactional leadership style foster innovative behaviour and employee commitment to change. Further, employee commitment to change mediates between transactional leadership style and innovative behaviour. Also, employee commitment to change influences innovative behaviour. Additionally, organizational support for creativity do not moderates the relationship between employee commitment to change and innovative behaviour.

Originality/value- highlights the importance of effectiveness of transactional leadership in Indian startups operating in dynamic environment.

Keywords Transactional leadership, innovative behaviour, organizational support, startup

1. Introduction

Innovation is necessary for all the firms for growth and survival in competitive world, technological change and crisis (Adam and Alarifi, 2021). The concept of innovation refers to use of new technology and new management practices in business operations. Many scholars stated that ability to encourage employee innovative behaviour and employee creativity is an important factor in determining firm's survival and competitiveness (Farrukh et al. 2022; Zhang and Yang, 2021). In order to encourage employee's innovation and creativity. Scholars have proposed that an individual's creativity and innovation can be facilitated by various means. One of the key factors that can influence an individual's creativity and innovation is their work and social circumstances. These circumstances can play a significant role in shaping an individual's mindset, providing them with new perspectives and ideas, and creating a conducive environment for experimentation and exploration (Perry-Smith, 2006). Within the context of innovation and creativity, various perspectives of social environment have been examined (Kwan et al. 2018). Leadership and supervision are the main factors that influence creativity (Tierney, 2008). In highly competitive environment, firms today necessitates change-oriented leadership which can

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tigger employee innovation (Bennis, 2001). Transactional leadership is a style of leadership that focuses on the exchange of rewards and punishments for performance. Leaders who use this style set clear goals and expectations for their employees and provide rewards for meeting or exceeding those goals. They also provide corrective feedback and punishments for failing to meet expectations. Innovative behavior at the workplace involved three behavioural activities namely ideas generation or solutions, getting support for ideas and idea implementation (Serrat and Serrat, 2017; Nanda and Singh, 2009). Thus, innovative behaviour develops something novel having innovative and creative aspects. Furthermore, innovative behaviour is seen as a motivational issue and not acknowledge by reward system (Janssen, 2000). Previous studies have mix results for instance; for instance, Norena-Chavez and Thalassinos (2022) found that transactional leadership have a positive impact on innovative behavior. Hansen and Pihl-Thingvad, (2019) found a negative impact of transactional leadership on innovative behavior. Boerner et al., (2007); Moss and Ritossa, (2007) found that transactional leadership did not influence on followers' innovative behavior. Pieterse et al. (2010) found that transactional leadership is negatively associated with followers' innovative behavior. However, the role and effects of transactional leadership may be different in startups. Thus the question is how transactional leaders support follower's innovative behaviour by enhancing motivation of followers in the startups. For instance, early in the life of a startup, transactional leadership can be effective in setting performance expectations and clarifying contingent rewards (Ensley et al., 2006). Because of the high environmental uncertainty and a lack of job security, the employees of startups could be more interested in securing tangible rewards, e.g., salary, bonus, and stocks, etc., all of which transactional leadership styles can offer (Ensley et al., 2006).

The mechanism of influence of transactional leadership style on follower's innovative behaviour is transited by commitment to change (Jun and Lee, 2023). Commitment to change refers to the willingness of followers to embrace new ideas and ways of doing things. This commitment is essential for innovation to occur. Transactional leaders who are able to create a culture of commitment to change among their followers are more likely to see innovative behaviour. Previous studies are lacking in terms of transition transactional leadership style to follower's innovative behaviour by commitment to change in the context of startups. In contrast, there are only few studies on the relationship between transactional leadership and followers' innovative behavior in the context of startups. Furthermore, there are few studies which exhibit relationship between transactional leadership and followers' innovative behavior. In today's fast-paced business environment, organizations must constantly adapt to changing circumstances and market conditions. This requires a high level of creativity and innovation from employees at all levels of the organization. However, research has shown that commitment to change alone is not enough to drive innovative behavior. The organizational support climate for creativity also plays a crucial role in fostering a culture of innovation. Organizational support climate for creativity refers to the extent to which an organization provides resources, encouragement, and recognition for creative ideas and behaviors. A positive support climate can enhance employees' motivation to engage in innovative behavior and increase their confidence in their ability to generate creative solutions.

Beside this, we adopt the conceptual framework of Jun and Lee (2023) and replace transformation leadership with transactional leadership and examine the effectiveness of transactional leadership in influencing follower's innovative behaviour by incorporating commitment to change as mediating variable and organizational support for creativity as a moderating variable. Transactional leadership has got less attention as compared to transformational leadership in relation follower's innovative behaviour, commitment to change and organizational support for creativity which is a significant gap of future research. Hence this study fills this research gap by examining the same.

2. Literature review and hypotheses

2.1 Transactional leadership and commitment to change

In 1947, Max weber proposed a transactional leadership. This theory posit that transactional leadership focuses on direct supervision, hierarchal structure and group performance. Transactional leadership use rewards to motivate the employees upon achieving the goal. When employees fail to achieve the goal,

transactional leaders respond with punishment. This technique is best suited to self-motivated employees. In present study, we proposed a positive and significant impact of transactional leadership and commitment to change in the context of startups. Startups are growth oriented, led by younger generations, have higher failure rates and take advantages of emerging technologies and innovation. The foundation and growth of startups is closely connected with leadership style (Zaech and Baldegger, 2017). As India paces fast to embrace innovative technology-related businesses, one cannot undermine the significance of leadership style towards the success of startups. Startup starts from the founder or leader of the startup. Transactional leadership is reward and punishment system for the employees. Founders of startups not spend energy in inspiring the employees. On the other side, transactional leaders build relationship with followers based on reward and incentive system. On this basis, transactional leaders have the capability to increase employee commitment to change by emphasizing rewards for innovation, idea generation and implementation (Winiastuti, et al. 2020). Herscovitch and Meyer (2002) define employee commitment to change “as “a force (mind-set) that binds an individual to a course of action deemed necessary for the successful implementation of a change initiative”. Commitment to change is highly related with organizational commitment and it is a psychological bond between employee and organization (Sautmann, 2022). Even if the employees are satisfied with their jobs, changes are unsuccessful until employees are committed to change (Winiastuti, et al. 2020). Commitment to change is more related to establishing behaviors that could facilitate change initiative than organizational commitment (Sautmann, 2022).

Zhao and Ren (2022) applied transactional leadership to startups and how they make them successful. Deichmann and Stam (2015) found that transactional leadership has an impact on employee commitment to change. Transactional leaders contribute to the development of commitment to change (Hinduan et al. 2009). HassenYimam (2022) found that transactional leadership behaviour contributes to the development of commitment to change. Changes at organisational level is also influenced by transactional leadership style (Winiastuti, et al. 2020). Noordin (2011) confirmed that transactional leadership is strong predictor towards readiness to change. Gelaidan and Ahmad (2013) and Jun and Lee (2023) recommend future research on analysing the influence of transactional leadership on employee commitment to change. Many previous studies have been conducted concerning leadership style with employee commitment to change. Among these most studies are on connecting transformational leadership style with employee commitment to change (Sautmann, 2022; Kim et al. 2021; Susanto et al. 2023; Jun and Lee, 2023; Gelaidan and Ahmad, 2013; May-Chiun Loa et al. 2010). Beside this transactional leadership receive the latest attention of scholars and academicians. What is missing is connecting transactional leadership style with employee commitment to change in the context of startups which was a major research gap in previous studies that is bridge by this study. Thus, based on above discussion, we claimed that

H1. Transactional leadership has a positive and significant impact on employee commitment to change

2.2 Mediating effect of commitment to change

In this study, employee commitment to change is moved to new and better one by departing from existing work of practices and exhibit innovative behaviour to meet the goals (Salisu, 2019). An innovative idea is essential for the growth and success of startups. Majority of startups can be failed if they are not innovative (Koentary and Qitana, 2022). For the startups, to be innovative, startup employees need to exhibit innovative behaviour. Startup companies often face competition with existing companies in the market. However startup companies are considered superior to the existing companies based on innovation. Innovation in startup requires a innovative behaviour from the employees. In this competitive world, startups are operating in highly turbulent business environment and fierce competition which demands to be remain innovative during their operation (Faraz et al. 2018). Munir and Beh (2019) stated that innovation is the main pillar for the startups to capture the market. In addition, innovative behaviour of employees is the determinant for the success and performance of startups (Bibi et al. 2020). Innovative behaviour is the behaviour for forming new idea and implementation and replace the existing process (Hammond et al., 2011). Innovative behaviour require efforts from the employees

to identify issues in the business operation and generate new ideas and implement those ideas (Munir and Beh (2019).

Employees are main driving force for innovation where it is originates from employee commitment to change (Faraz et al. 2018) which is an essential platform to drive successful employee innovative behaviour (Salisu et al. 2019). Thus, employee commitment to change is a determinant or predictor of employee innovative behaviour. The performance of startups are highly dependent on employee innovative behaviour which comes from the employee's commitment to change for innovation (Battistelli et al. 2014). For employees to exhibit innovative behaviour they must be inclined to support change to enhance the performance of startups. Many previous studies are conducted on the outcomes of employee commitment to change in the context of different organisations. However the role of effect of employee commitment to change on employee innovative behaviour in the context of startups has not received much attention yet.

Previous studies recognized the role of leadership as a catalyst for employee innovative performance due to its ability to shape work environment and control on resources (Iqbal et al. 2020; Hughes et al. 2018; Lee et al. 2020; Malibari and Bajaba, 2022). Transactional leadership improves employee innovative behaviour through reward system for accomplishing the goal (Li and Zheng, 2014). Transactional leadership align the interest of employees with the need of organisation (Hansen and Pihl-Thingvad, 2019). Li and Zheng (2014) stated that leadership style is a predictor for employee innovative behaviour. There are few studies who relates transactional leadership with employee innovative behaviour. Khan et al. (2012) and Günzel-Jensen (2017) found a positive association between transactional leadership and employee innovative behaviour. However, there is one study i.e. Pieterse et al. (2010) who founds negative association between them. The scarcity of empirical mix results of led to emphasize more future studies on the association between transactional leadership and employee innovative behaviour.

The mediation role of commitment to change on the relationship between transactional leadership and employee innovative behaviour is proceed logically. Innovation is highly dependent on employee's creativity and leaders must encourage creativity. Previous studies stated that transactional leaders have a negative effect on employee innovative behaviour because transactional leaders are more focus on employee performance rather than performance (Kim and Lee, 2011; Pieterse et al. 2010). In the context of startups, transactional leaders can undertake and resolve existing issues by supporting creativity. Based on reward system transactional leaders create followers that committed to change and exhibit positive employee innovative behaviour. Thus, based on above discussion, we claimed that

H2. Employee commitment to change has a positive and significant impact on employee innovative behaviour

H3 Employee commitment to change mediates on the relationship between transactional leadership and employee innovative behaviour

H4. Transactional leadership has a positive and significant impact on employee innovative behaviour

2.3 Moderating effect of organizational support for creativity

Creativity can only be achieved with the support from the organization (Ibrahim et al. 2016). Businesses are operating in highly competitive environment and creativity is seen as source to achieve competitive advantage (Baccarella et al. 2021). Employees creativity enhance business operation. Furthermore, creativity is a good source to address and replace issues. Whenever organisations bogged down due to issues, employee views are used to arrive at correct solutions. However, many employees hesitate in contributing their ideas when their ideas are not considered. Obviously, in an organization a suitable system is required to establish the ideas. Thus, organisation support plays a crucial role in enhancing the employee creativity. In reality, many organisation did not gives support to the employee to support creativity. When employee perceived support from the organisation, their confidence increases and exhibit employee commitment to change and innovative behaviour (Qi et al. 2019). Therefore it is necessary to look into how organisation support for creativity. Companies that operate in undergoing

rapid changes in competitive environment must encourage employees to produce innovative product and services.

Companies can create positive improvement for creativity and innovation (Tang et al 2017). Many studies found that organization can encourage creativity and innovation through positive work environment (Tsai et al. (2015). Employees need recognition from leaders and organization to explore innovation of work based problems (Nazir et al. 2018). Organisation guarantees the perceived organisation support (POS) to the employees and will not leave them (Li et al. 2022). Social exchange theory (SCT) posit that reciprocal relationship exist between organisation and employees and POS is based on this reciprocal relationship which involves the inclination of employees towards the organisation to fulfil the socio-emotional needs of the employees. Higher level of POS increases work engagement and organisational citizenship behaviour (OCB) (Jun and Lee, 2023). Therefore, organisation must create a culture and environment that nurture creativity towards innovative behaviour. Thus, based on above discussion, we claimed that

H5. Organizational support for creativity moderates the relation between employee commitment to change and employee innovative behaviour

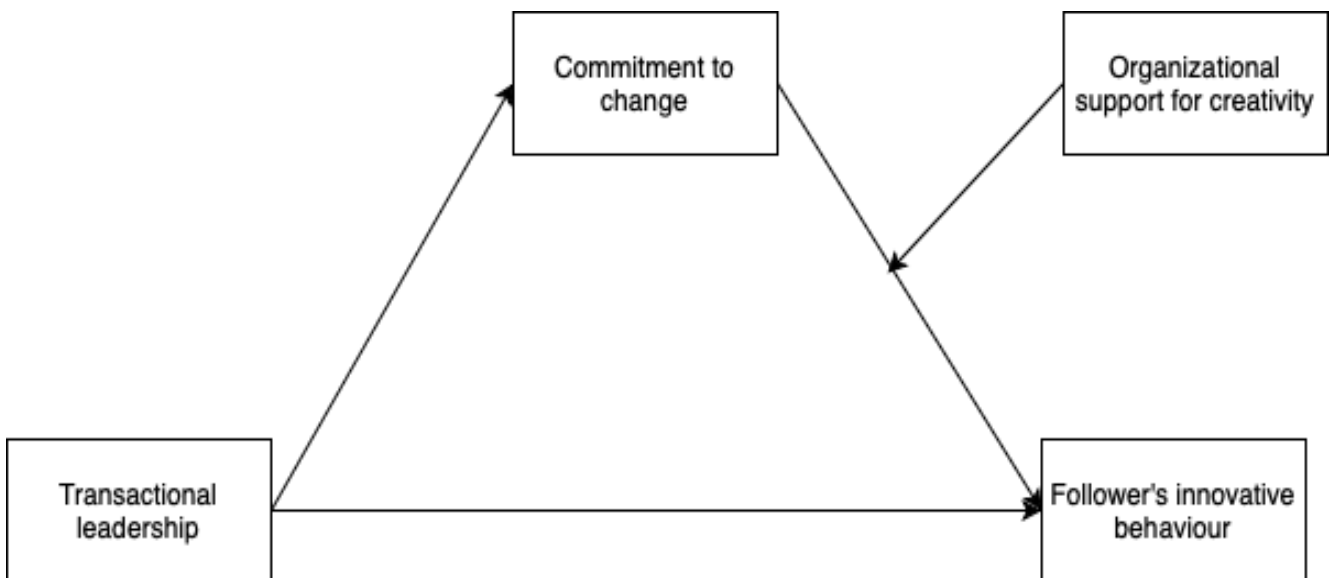


Figure 1. Conceptual framework

Based on a literature review, a conceptual framework has been developed as shown in Figure 1.

3. Research methods

3.1 Sample, sample size and sampling technique

To test the proposed hypothesis, based on literature review structured questionnaire has been developed and survey has been conducted. A cross-sectional method was employed to collect the data from the employees working in financial firms located in Delhi/NCR. Non-probability convenience sampling technique was used to collect the data because accessing respondents are easy who are willing to participate in the survey. The survey data were collected from Dec to March 2022. Self-administered questionnaires were distributed to 739 employees from which 323 questionnaire was received which was used for data analysis. The demographic summary is shown in Table 1.

Table 1. Demographics summary

Variable	Frequency (%)
<i>Gender (n=323)</i>	
Male	189(58.5)
Female	134(41.4)
<i>Position (n=323)</i>	
Assistant managers	156(48.3)
Managers	42(13.0)
Deputy general managers	22(6.8)
General managers	19(5.8)
Assistant branch managers	84(26.0)
<i>Tenure (n=323)</i>	
Less than 3 years	12(3.7)
3-5 years	121(37.4)
5-10 years	108(33.4)
More than 10 years	82(25.3)

3.2 Measurement

Measurement scales have been adopted from the previous literature. All the items are based on five point Likert scale.

Transactional leadership. A nine item scale to measure transactional leadership with three subcomponents (contingent reward, management by-exception and Laissez-faire leadership) was adopted from the study of Xiaoxia and Jing (2006). Each sub-components have three items. We combine three sub-components to measure transactional leadership. A sample item include “I tell others what to do if they want to be rewarded for their work”.

Commitment to change. A nine item scale was adopted from the study of Fedor et al. (2006). A sample item include “our ability to function creatively is respected by the leadership”.

Innovative behaviour. A six item scale was adopted from the study of Scott and Bruce (1994). A sample item include “I develop adequate plans and schedules for the implementation of new ideas”.

Organizational support for productivity. A six item scale was adopted from the study of Scott and Bruce (1994). A sample item include “I am doing whatever I can to help this change be successful”.

3.3 Data analysis

Data analysis has been done by using PLS algorithm and proposed hypothesis was tested using bootstrapping technique. Data analysis has been performed in two steps. In first step structural model assessment has been done and in second step hypothesis testing was done.

3.3.1 Structural model assessment

The model was evaluated based on reliability (Cronbach’s alpha and composite reliability) and validity analysis (convergent and discriminant). Table 2 demonstrates the factor loadings of each item. The recommended limit of factor loadings was accessed by the establishment of convergent validity. Convergent validity shows “the extent to which different measures refer to the same conceptual construct” (Carlson & Herdman, 2012).

Table 2 shows that factor loadings of all the items (except for OSP4, OSP5 and OSP 6) are above the threshold limit of 0.5 (Samuels, 2016) and are significant. The next step is to test whether the score of average variance extracted (AVE) of all the variables was above the recommended value of 0.5 (Shrestha, 2021) demonstrated in Table 2. By using PLS-SEM approach, internal consistency in scale items was measured from a composite reliability (CR) score (Tavakol & Dennick, 2011). In table 2, composite reliability of each construct was above the 0.7 (Schuberth, 2021), thus the instrument is reliable. The value of Cronbach's was also found which is greater than the recommended value of 0.7 (Tavakol & Dennick, 2011). Thus, the evidence for convergent validity of scales was supported.

The discriminant validity test was also done on constructs and found higher inter-item correlations. Discriminant validity explains “the extent to which the measure is adequately distinguishable from related constructs within the nomological net” (Fornell and Larcker, 1981). Table 3 reflects the square roots of AVE of all the items were greater than the inter-item correlation between each variable. Thus, discriminant validity was also supported. On the basis of confirmatory factor analysis (CFA) and SEM model, model fit was estimated in terms of chi-square and the degrees of freedom, χ^2 , TLI, CFI and RMSEA. Model fitness statistics indicated good fit to the data ($\chi^2 = 823.99$, GFI=.0.824, TLI=.943, CFI=.982, RMSEA=.861). Thus, the measurement model demonstrates good construct validity and required psychometric properties.

Table 2. Measurement model assessment

Variable	Items	Loadings	α	CR	AVE
Contingent reward	CR	0.865			
Management by-exception	MBE	0.901	0.871	0.921	0.795
Laissez-faire leadership	LFL	0.908			
Commitment to change	CTC1	0.727	0.911	0.927	0.584
	CTC2	0.762			
	CTC3	0.778			
	CTC4	0.765			
	CTC5	0.791			
	CTC6	0.794			
	CTC7	0.794			
	CTC8	0.737			
	CTC9	0.731			
Innovative behaviour	IB1	0.746	0.864	0.898	0.596
	IB2	0.779			
	IB3	0.773			
	IB4	0.818			
	IB5	0.793			
	IB6	0.713			
Organizational support for productivity	OSP1	0.805	0.790	0.921	0.795
	OSP2	0.859			
	OSP3	0.853			

Table 3. Discriminant validity

Constructs	CTC	IB	OSP	TL
CTC	<i>0.764</i>			
IB	0.759	<i>0.772</i>		
OSP	0.716	0.689	<i>0.839</i>	
TL	0.647	0.733	0.687	<i>0.892</i>

Note: Correlation is significant at 0.05, figures in italics represent square root of AVE

3.3.2 Hypothesis testing

Transactional leadership has got less attention as compared to transformational leadership in relation follower’s innovative behaviour, commitment to change and organizational support for creativity. Therefore current study aims to examine the effectiveness of transactional leadership in influencing follower’s innovative behaviour by incorporating commitment to change as mediating variable and organizational support for creativity as a moderating variable. Beside this, we adopt the conceptual framework of Jun and Lee (2023) and replace transformation leadership with transactional leadership. Table 4 and Figure 2 represents the outcome of hypothesis testing. From Table 2, it is observed that TL positively influence CTC ($\beta = 0.847, t = 32.829, p = 0.000$). CTC has an influence on IB ($\beta = 0.269, t = 3.386, p = 0.001$). Moreover, the mediating effect of CTC on the relationship between TL and IB are significant ($\beta = 0.228, t = 3.212, p = 0.001$). The effect of TL on IB was also comes significant ($\beta = 0.171, t = 2.236, p = 0.026$). Last, OSP do not moderates on the relationship between CTC and IB ($\beta = -0.034, t = 0.988, p = 0.324$).

Table 4. Outcome of hypothesis testing

Hypotheses	Path	Path coefficient	Standard error	t-static	Supported
1	TL → CTC	0.847	0.026	32.829	Yes
2	CTC → IB	0.269	0.079	3.386	Yes
3	TL → CTC → IB	0.228	0.071	3.212	Yes
4	TL → IB	0.171	0.077	2.236	Yes
5	OSP * CTC → IB	-0.034	0.034	0.988	No

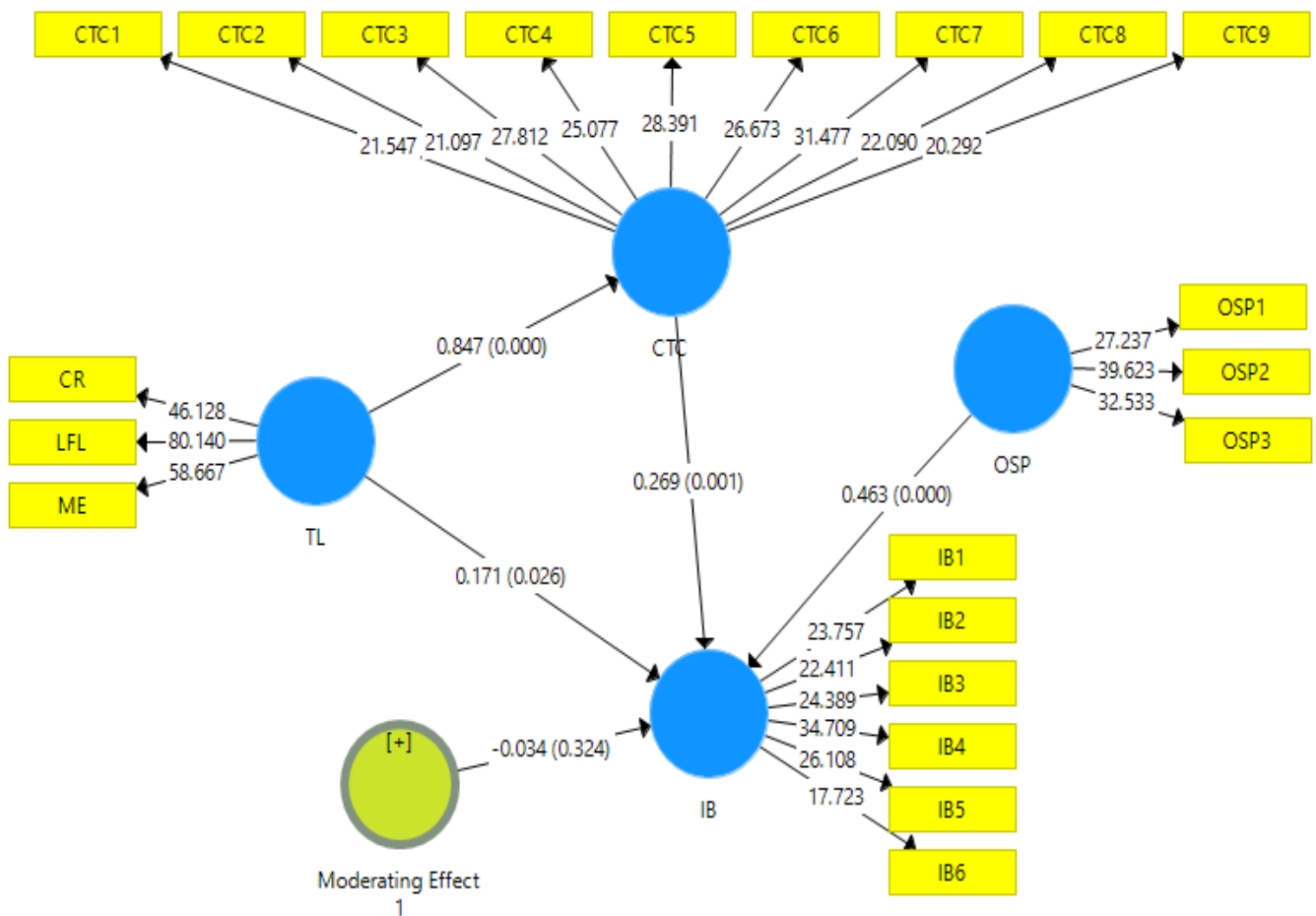


Figure 2. SEM model

4. Discussion

Our finding suggest that TL significantly impacts on CTC. Transactional leaders use rewards and recognition as incentives for performance. In startups, where resources and financial stability may be limited, rewards can be particularly motivating for followers. By offering rewards for successful change implementation or achieving specific milestones, transactional leaders can increase commitment by providing tangible benefits and recognition for followers' efforts which cause employees to work together with enthusiasm. This finding is supported with previous studies (HassenYimam, 2022; Mahfouz, 2019). Clinebell et al. (2013) found in their study that transactional leadership positively influence affective commitment. Emery and Bakker (2007) found that contingent reward was the only dimension of transactional leadership that affect employee commitment. Lee (2005) also found that transactional leadership is positively correlated with employee commitment.

Next, the impact of CTC on IB was also found significant. When employees are committed to change, they are more likely to be open to new ideas and perspectives. They are willing to challenge the status quo and explore innovative solutions to problems. This commitment creates an environment where employees feel empowered to experiment and take risks, which is essential for fostering innovation in startups. The stronger the commitment to change, the greater the likelihood of employees exhibiting innovative behavior. This finding is in line with the study of Jun and Lee (2023); Hakimian et al. (2016). The study of Sinaga et al. (2019) found that affective commitment of employee significantly impact on innovative behaviour.

Next, CTC mediates between the relationship of TL and IB. Transactional leaders provide clear expectations, rewards, and accountability for performance. These factors can influence employee commitment to change in startups. When transactional leaders effectively communicate the importance of change, set clear goals, and provide rewards for successful change implementation, employees are more likely to develop a strong commitment to change. Once employees are committed to change, they are more likely to exhibit innovative behavior. Committed employees embrace new ideas, actively participate in change initiatives, and demonstrate a willingness to learn and adapt. This finding is in line with the study of Jun and Lee (2023).

Next, TL positively influence IB. Transactional leaders emphasize accountability and hold employees responsible for their performance. By creating a culture of responsibility, transactional leaders encourage employees to take ownership of their work and contribute to the overall success of the startup. This sense of responsibility fosters innovative behavior as employees strive to meet expectations, overcome challenges, and find innovative solutions. This finding is in line with the study of Jun and Lee (2023) and contradict with the study of Udin et al. (2022).

Last, OSP do not moderates the relationship of CTC and IB. This implies that Indian startups often run with budget and financial constraints. They lack financial resources to invest in innovation. In this way they lack support for creativity and they make the impact of CTC on IB weak. This finding contradict with the study of Jun and Lee (2023).

5. Theoretical implications

This study makes an important contributions to the existing literature on transactional leadership and provide empirical evidence of the effectiveness of transactional leadership in Indian startups operating in dynamic environment. In this respect there are very few studies who explores the effectiveness of transactional leadership in Indian startups operating in dynamic environment.

This study adopt the conceptual framework of Jun and Lee (2023) and replace transformation leadership with transactional leadership. In this context, there is no comprehensive study on Indian startups, this study

Beside this current study identifies the mechanism of influence of transactional leadership style on follower's innovative behaviour is transited by employee's commitment to change in Indian startups. Although, numerous studies have linked transactional leadership with employee's innovative behaviour, prior studies were silent in Indian startups context. By understanding the mechanism of influence of transactional leadership style on follower's innovative behaviour mediated by commitment to change, our study fosters the role of transactional leadership style in Indian startups. Our study is first to examine the influence of transactional leadership style on follower's innovative behaviour mediated by employee's commitment in Indian settings.

Our study also shed light on moderating role of organizational support for creativity. Our findings suggest that startups with strong financial background and effective leadership style in organisation change context support creativity and innovation which strengthen the effect of commitment to change on innovation behaviour.

In the context of organisational change, our study highlights the importance of effectiveness of transactional leadership in Indian startups operating in dynamic environment. This allows to change innovation behaviour with transactional leadership in change management.

6. Managerial implications

Our study provides several managerial implications for practitioners, scholars, policy makers and startups. First, startups leverage transactional leadership in change management to enhance employee's commitment and innovative behaviour. For example, startups can conduct training session to promote commitment to change and foster innovative behaviour under the transactional leadership style. Second, our research proposes that at the starting age of start-ups, transactional leadership style works well to affect innovation. Thus, to foster innovative behaviour, startups can use transactional leadership style. Further, startups should prepare for change and formulate their operation strategy accordingly. Third, innovation is necessary to achieve competitiveness especially for startups. Therefore it is suggested to the owners of start-ups to invest in innovation to strengthen the effect of commitment to change on innovation behaviour.

7. Future scope and future research

There are a few research limitations which should be taken into consideration. First, the study was conducted on employees working in start-up of manufacturing background located in Delhi/NCR. Further, study might include employees working in start-up of another sector. Second, this study is based on cross-sectional design which is limitation of this study for testing the framework. Therefore, future study can be conducted by using longitudinal study design.

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