

Transformational Leadership and Organizational Creativity: Psychological Empowerment as Mediating

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Abstract: The organizational creativity is that the outcome of the distinguished individuals' and team performance, which is characterized by authenticity in their ideas and solutions; there is little doubt that this performance is influenced by the content of the regulatory environment. Accordingly, creative performance needs understanding the role of leadership as one of the most important components of the organizational environment in enhancing subordinates' capabilities and outcome. Consequently, this paper aims to investigate how transformational leadership is linked to creativity via psychological empowerment. The sample of the study consisted of 429 faculty members from higher technical institutions in Libya. The findings showed that transformational leadership and psychological empowerment affect organizational creativity. Moreover, the findings also indicate that psychological empowerment has a strong and positive relationship in mediating between transformational leadership and creativity. Nevertheless, this relationship may not be possible if the followers did not have sufficient freedom to perform their functions which was reflected on their confidence, abilities, self-efficacy, and sense of their impact on the work environment. The results of this paper contribute to the literature related to organizational creativity by promoting the understanding of the effect of transformational leadership and empowerment on organizational creativity.

1. Introduction

Over the past two decades, scientists have called on leaders to make additional efforts to adapt to the environment and respond to the rapid changes facing organizations to ensure competitiveness. These challenges have imposed on administrative leaders adopting a leadership style that recognizes the importance of creativity and encourages it. Consequently, researchers point to transformational leadership as one of the prominent contemporary theories of leadership and it has the most influence in organizational components and outputs [1]. This type of leadership convinced of variation and development and enhanced organizational performance. Transformational leadership supports the creative behavior of subordinates tolerates mistakes, helps individuals to overcome their fear of failure and develop a culture of risk, encourages guiding to explore opportunities and

generate new ideas. Nevertheless, leaders should look for other organizational mechanisms to enhance performance. There is a need for a better understanding of organizational behaviors' processes in which the desired outcomes can be enhanced by subordinates. Consequently, empowerment has attracted much attention from scientists as one of the most important tools to influence the organizational outcome. Psychological empowerment is one of main objective for organizations to enhance the psychological state of subordinates to achieve the trace positively on their morale and their performance. Understanding the role of mediation of psychological empowerment will provide other mechanisms for transformational leaders to enhance the performance of their subordinates.

2. Theoretical Background

2.1. Transformational Leadership and Organizational Creativity

According to Avolio et al. transition leadership can be defined as the behavior of a leader's who inspires subordinates to perform beyond expectations and beyond self-interest to the interest of the organization [2]. Accordingly, the researchers believe that the transitional leadership is working to influence subordinates' behavior [3], through a variety of mechanisms that represent the dimensions of transformational leadership. Consequently : (1) the idealized influence, makes transformational leader as a model followed by his subordinates,(2) individual consideration, indicate that transformational leaders have personal attention to communication with subordinates and understand their individual characteristics and reinforce personal abilities, (3) intellectual stimulation, this dimension is linked to the ability to encourage subordinates to think outside the box and to adopt creative ways to propose substantive and effective solutions, (4) inspirational motivation, the transformational leaders work to encourage their followers to focus on achieving their goals, and works to transfer the organization's vision to subordinates, helps subordinates to revisit their vision to reflect the ideal image of the organization. Moreover, transformational leaders provide incentives to promote performance and support the development of subordinates' skills and assist them in achieving desired outcomes and they push individuals to redouble their efforts to achieve goals [4]. Thus, we hypothesized that. H1: Transformational leadership dimensions positively impact on organizational creativity.

2.2. Transformational Leadership and Psychological Empowerment

Psychological empowerment focuses on individuals' perceptions of their roles at work [5]. In the same trend transformational leadership encourages employees to participate and supports their abilities and roles in the organization, transformational leadership tends to enhance the role of subordinates by helping them understand the importance of their work and improve their skills. This behaves of transformational leaders' supports self-efficacy and confidence of abilities and feeling them the important impact in the workplace [6]. Moreover, transformational leadership promotes self-determination of subordinates through appreciation and allowing them to fulfil their tasks as they see fit without interference. Thus, we hypothesized that: H2: Transformational leadership dimensions positively impact on psychological empowerment.

2.3. Psychological Empowerment and Organizational Creativity

The interest in psychological aspects of the subordinates is great, step on the road to understanding factors that stimulate creative performance [7]. Accordingly, from the psychological perspective empowerment has been conceptualized as a construct manifested in four dimensions: the meaning,

competence, self-determination, and impact [8]. Consequently, the studies have shown that individuals who feel empowered psychologically have widely, confidence in them self, they able to understand the different work and the roles [9], they are expected to achieve exceptional performance [10], and increased effectiveness, developing abilities, Moreover, they will make more effort to be a source of original ideas for improving their work. Thus, we hypothesized that. H3: psychological empowerment positively impacts on organizational creativity.

2.4. Transformational Leadership Psychological Empowerment and Organizational Creativity

The process of psychological empowerment begins with the interaction between the work environment and personal characteristics of the individual; this interaction leads to a perception of empowerment and stimulates the individual behavior [9]. This paper suggests that psychological empowerment is an important mediator to increase the influence of transformational leadership. Empowered individuals, see themselves as acting independently and influence on their work environments [9]. We argue that transformational leadership abilities make subordinates willing to be creative, but also need to feel they have the ability to act behave and impact in their works. Although the relationship between leadership and creativity has been extensively examined, the understanding of mediation in these relationships provides theoretical insights into the mechanism by which transformational leadership can increase its influence on organizational performance. Accordingly, essential to know how employees see practices and behaviors' of transformational leadership to enhance their roles effectively. Therefore, we suggest that psychological empowerment important to promote the relationship between transformational leadership and creativity. Thus, we hypothesized that: H4: Psychological empowerment mediates the relationship between transformational leadership dimensions and organizational creativity.

3. Method

The data were collected from a random sample of 429 faculty members (57 females and 372) males from Higher Institutes of Technology in western Libya. The median age of the respondents was 43 years and the median experience period was 10 years. The study was based on a number of measures used in management literature, which are characterized by a high validity and reliability. Accordingly, the transformational leadership was measured by the Multifactor Leadership Questionnaire consisting of 20 items [11]. As psychological empowerment were measured by 12 items [9]. Moreover, organizational creativity was measured with 20 items by the scale developed by [12]. All measures were designed based on the five-point Likert scale. The values of the Cronbach alpha coefficient ranged from 0.71 to 0.86, which is acceptable statistically in managerial and behavioral research [13] which shows that the measures are characterized by internal consistency.

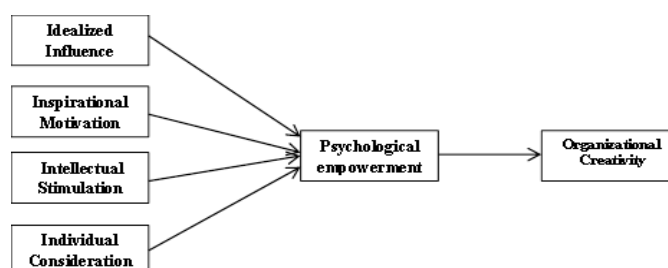


Figure 1: Conceptual model of the study.

4. Results

First of all, descriptive statistics, Cronbach alphas and correlation coefficients of the variables are presented in Table 1. All variables are significantly correlated with each other. As well as none of the correlation values exceeded .8, indicating no threat of collinearity [14].

Table 1: Means, S .D, Cronbach Alphas and Correlation Matrix

Variables	Mean	S .D	1	2	3	4	5	6
Idealized Influence	2.99	.71**	(.81)					
Inspirational Motivation	3.10	.68**	.229**	(.71)				
Intellectual Stimulation	2.53	.90**	.388**	.284**	(.76)			
Individual Consideration	2.99	.66**	.355**	.617**	.510**	(.86)		
Psychological Empowerment	3.36	.33**	.455**	.561**	.491**	.624**	(.81)	
Organizational Creativity	3.31	.46**	.296**	.570**	.671**	.776**	.705**	(.83)

α coefficients are presented on the diagonal in the parentheses. *** < 0.01.

Moreover, in order to test the mediating role of psychological empowerment, the model was tested according to the steps of [15]. Accordingly, this approach required four steps need to be followed. (1) Independent variable should have a direct and significant associated with the dependent variable (2) the independent variable should be a significantly associated with the mediator variable (3) the mediator should be significantly associated with the dependent variable. Finally, when the mediating variable is entered into the regression equation, the correlation between the independent variable and dependent variable should be (non-significant) or (less significant), this condition includes: (a) If the P- value decreased, that means a partial mediation, (b) If the P-value is (zero-effect), this means a full mediation.

Table 2: Multiple and Simple Regression, H2, H3.

Dependent variable	Independent variable	β	T	R ² adj	F
psychological empowerment (PSE) (Equation 1)	Idealized Influence (IF)	.220***	5.919***	.51	94.23***
	Inspirational Motivation (IM)	.289***	6.783***		
	Intellectual Stimulation (IS)	.184***	4.554***		
	Individual Consideration (IC)	.274***	5.694***		
Organizational creativity (Equation 2)	psychological Empowerment	.507***	.2055***	.49	422.41***

Table 3: Transformational leadership as predictor psychological empowerment as a mediator.

Dependent variable	Independent	β	T	R ² adj	ΔR^2	F
		Organizational creativity	IF			
Organizational creativity	Equation 3	IM	.167***	5.16***	.72	281.10***
		IS	.399***	13.04***		
		IC	.495***	13.59***		
		IF	-.073*	-2.59***		
	Equation 4	IM	.083**	2.62***	.76	0.4
		IS	.346***	11.93***		
		I.C	.415***	11.89***		
		PSE	.292***	8.59***		

* $p < .05$. ** $p < .01$. *** $p < .001$.

Our results showed that (a) all transformational leadership dimensions influenced positively on psychological empowerment in the first equation, accordingly, transformational leadership explains 51% of the variance in psychological empowerment, moreover, transformational leadership significantly contributes to psychological empowerment β - value ranged ($\beta = .18, p < .01$ to $\beta = .29, p < .01$), (b) as well as there is three dimensions of transformational leadership have positively influenced on creativity, while idealized influence has negative association with organizational creativity in the third equation, that's mean transformational leadership explains 72% of the variance in organizational creativity. A consequently, all dimensions of transformational leadership contributed significantly to organizational creativity, the β - value ranged ($\beta = -.047, p < .01$ to $\beta = .28, p < .01$), (c) also psychological empowerment influenced creativity in the second equation this explains the 49% of the variance and it has significantly contributed to creativity ($\beta = .50, p < .01$). Finally, psychological empowerment influenced creativity in the fourth equation while transformational leadership dimensions were present in the model. Consequently, with these results, all the conditions of the mediation have been achieved. Furthermore, the effect of transformational leadership on creativity was lower in equation four than in equation third. However, the β - value of transformational leadership is still significant; this indicates that empowerment partially mediates the relationship between transformational leadership and organizational creativity.

5. Discussion

The aim of this study was to examine the mediating role of psychological empowerment between transformational leadership and creativity. Our findings confirm that all transformational leadership dimensions play a significant direct role in supporting organizational creativity. Accordingly, this finding is in line with several results of researchers considered that transformational leadership focused on developing followers' creative performance [16, 17]. On the other side, the findings of this study showed that psychological empowerment partially mediated the relationship between all dimensions of transformational leadership and organizational creativity; our findings are consistent with some previous studies [18, 19]. This finding indicates that psychological empowerment plays an important role in the relationship between transformational leadership and organizational creativity, as it acts as a variable strengthens this relationship between the predictor variable and the dependent variable. These findings provide important pointers to managers and elucidate a better understanding of transformational leadership behaviors' and how to strengthen their role in the organization. The outcomes of the study can contribute to knowledge by recommending the inclusion of psychological empowerment as one of the administrative leadership tools which enhance their role. Therefore, it is useful to enhance the meaning of the work, self-efficacy, giving freedom for decision-making, and influencing in the workplace to make followers more confident in their ability to perform their jobs. Several researchers considered that transformational leadership is focused on developing followers' performance.

6. Conclusions

This study was designed to examine and analyses the mediation relationship of the psychological empowerment between transformational leadership dimensions and organizational creativity. Accordingly, and as a prerequisite for testing the role of mediation, regression analyses were conducted to test direct relationships between all studying components. The findings suggested that all transformational leadership dimensions have direct influenced organizational creativity and psychological empowerment, as well as psychological empowerment has a direct influence on organizational creativity. Additionally, mediation analysis was performed to examine whether psychological empowerment mediates the relationship between transformational leadership and

organizational creativity among faculty members in the Higher Institutes of Technology in western Libya. This study showed that employee psychological empowerment is indispensable for enhancing organizational creativity. Thus, the psychological empowerment factor not only positively affects organizational creativity but also mediates the relationship between all transformational leadership dimensions and organizational creativity.

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