



# The Relationship between Transformational Leadership and Employees' Creativity in the Jordanian Banking Sector

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## ABSTRACT

This study aims to examine the relationship between transformational leadership and employees' creativity in the Jordanian banking sector. 300 and 69 questionnaires were distributed to the employees in different banks. The data were tested using multiple regression to determine whether the four dimensions of transformational leadership: Idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration have a significant relationship with employees' creativity. The findings showed that there is a positive relationship between transformational leadership and employees' creativity. However, the dimensions of inspirational motivation and intellectual stimulation have been shown not to have a significant relationship with employees' creativity.

**Keywords:** Transformational Leadership, Employees' Creativity, Banking Sector

**JEL Classifications:** G2, L2

## 1. INTRODUCTION

In the light of intense competition, dynamic environments and more complex problems, organizations have been faced with the need to change their way of thinking and how their employees deal with the problems that they encounter on a daily basis (Cheung and Wong, 2011). Creativity is recognized as one of the critical competencies for 21<sup>st</sup> century organizations to lead or adapt to change (Cekmecelioglu and Günsel, 2013). Moreover, creativity has emerged as a new focus as an organization's success and survival depend on its capability to create new knowledge and innovations (Hyypia and Parjanen, 2013). Some researchers believe that employees' creativity can be nurtured by leadership styles as leaders primarily work to initiate employees' creative abilities so they can find creative solutions to complex problems (Mittal and Dhar, 2015). Leadership can be seen as a situational factor that exerts a strong influence on creativity and, in particular, transformational leadership has been closely related to employees' creativity; transformational leaders may inspire subordinates to go beyond their abilities in providing a better way of completing their tasks and solving problems (Cheung and Wong, 2011).

The banking sector is one of the most important pillars supporting the Jordanian economy, contributing approximately 11.6% of gross domestic product (GDP) in 2011. There are currently 25 banks with 770 branches across the kingdom. However, the economic importance of the Jordanian banking sector is not only manifested by its significant contribution to GDP but is also considered as one of the biggest employers within the private sector (CSR Watch Jordan, 2014). Although the sector has been growing in recent years, it still suffers from various challenges such as global economic growth decline from 3.9 in 2011 to 3 in 2013, escalation of political and social tension in the Middle East (Association of Banks, 2013), acceleration of technological development which requires developing products and services that adapt to this development, and finally the weakness of Jordanian banks in creativity, particularly in the process of interacting with clients (Al-Salaymeh, 2013). These challenges have placed a great amount of pressure on banks to improve their creativity in order to survive. Transformational leadership theory emphasizes leaders as change agents who initiate and implement new direction based on innovative vision and ideas (Kim and Yoon, 2015). It was noticed by Ancona and Caldwell (1987) that transformational leadership supports and promotes creativity and innovation, which in turn

ensures the long-term survival of the organization. Furthermore, they found that transformational leadership created innovation-focused organizations by motivating employees to perform their best and by encouraging them to be creative.

Although many studies have been conducted to investigate this relationship, there was a little agreement between them about whether transformational leadership has a positive effect on employees' creativity. According to Chen et al., (2009), transformational leadership is an important driver of employees' creativity. However, the study of Rosing et al., (2011) showed a relatively weak to moderate relationship between transformational leadership and employees' creativity and suggested that a single leadership style cannot promote creativity. Therefore, the purpose of this study was to further investigate the relationship between transformational leadership and employees' creativity in the banking sector in Jordan and to understand the extent to which the creativity of employees can be affected by transformational leadership.

### 1.1. Transformational Leadership

Transformational leadership was initiated by Bass (1985) and has become a very popular concept in recent years. Many definitions have been provided for transformational leadership over the years. Transformational leaders encourage employees to go beyond what they have already expected by inspiring them to raise their capabilities and develop innovative problem-solving skills (Limsila and Ogunlana, 2008). Moreover, it is the process of developing people, who in turn, develop their organizations by achieving the determined goals that is important. It also results in making ordinary people create extraordinary performance (Rao, 2014). This kind of leadership style is more concerned with future needs rather than with the short-term problems and opportunities faced by the organization; instead of viewing intra and extra organizational factors as discrete, it views them in a holistic perspective (Saeed et al., 2014).

According to Bass, transformational leadership has four dimensions that we can measure: Idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. Idealized influence refers to leaders becoming admired, respected, and emulated role models (Bass and Avolio, 1994); it emphasizes trust, values, and ethics. It is also a behavior that encourages followers to use their leaders as role models; another way to describe this approach is charismatic (Sarros and Santora, 2001). According to Cheung and Wong (2011), idealized influence can encourage followers creativity by challenging and energizing them to seek new approaches in their jobs. Inspirational motivation consists of leaders providing meaning and challenge to followers' work and using inspiring messages to arouse emotions. Moreover, it refers to the leaders' ability to raise the levels of motivation of its employees beyond their expectations (Mittal and Dhar, 2015). According to Herrmann and Felfe (2013), inspirational motivation stimulates followers to perceive the new task as a challenge, build trust in their ability to create successful solutions, and to think creatively about different problems that they face in their workplace. Intellectual stimulation refers to the leaders' ability to motivate his followers to take their

own decisions and to rethink traditional practices in a creative way (Weib and Suess, 2016). It challenges old assumptions, beliefs, and traditions, and encourages new ways of thinking (Guay, 2013). Through the behavior of intellectual stimulation, leaders can promote employees' creativity by questioning their assumptions and the status quo (Slatten and Mehmetoglu, 2015). Finally, individualized consideration refers to leaders who consider the needs, abilities, and goals of followers and provide coaching and mentoring (Guay, 2013). It is about dealing with employees' as individuals, not just as employees (Weib and Suess, 2016). Individualized consideration contributes to the employees' creativity by recognizing individual differences and encouraging more diverse approaches and perspectives (Puccio et al., 2011). Moreover, the best leaders are those who truly affiliate with their followers by giving them personal attention and trying to bond with them (Abbas et al., 2012).

Leaders have an even more major role in creating and forming conditions that encourage cognitive processes considered helpful for fostering creativity (Carmeli et al., 2010; Mumford et al., 2012). Moreover, transformational leadership concentrates on the role of leaders as motivators and providers of support for their followers to develop and succeed in their jobs; accordingly, researchers have noted that transformational leaders play a vital part in giving support and encouraging motivation among employees to engage in, and demonstrate creativity (Elkins and Keller, 2003; Gong et al., 2009; Shin and Zhou, 2003).

### 1.2. Employees Creativity

The importance of creativity has been firmly established - organizations which fail to innovate or to be creative are at risk of losing their competitiveness and sustainability (Tidd, 2001). Creativity has become a central theme across a variety of tasks, occupations, and industries. Most managers recognize the fact that to remain competitive they need their employees to be actively involved in their work and trying to generate novel and appropriate products, processes, and approaches (Cekmecelioglu and Günsel, 2013). Different researchers have defined creativity differently; some defined it as a personal characteristic and others as a process (Hassan et al., 2013). Creativity is defined as the process of developing novel and useful ideas, which can improve efficiency and effectiveness of the organization (Gong et al., 2009). Creativity may also mean employees using a range of their diversified skills, abilities, knowledge, views, and experience to generate new ideas for making decisions, problem-solving, and completion of tasks in efficient ways (Cheung and Wong, 2011).

According to a number of studies (Amabile, 1988; Woodman et al., 1993; Shalley et al., 2000), there are two major factors for individual creativity within organizations: Experience and creative thinking skills. Experience indicates that for employees to be creative they should have enough knowledge about the field to move it forward (Sternberg, 1999). According to Cohen-Meitar et al., (2009), when employees enjoy a positive experience and they feel that they are known for what they bring to their work, they will feel more competent to engage in creative behaviors, generate novel ideas, and solve problems creatively. Divergent thinking includes cognitive styles as well as personality traits

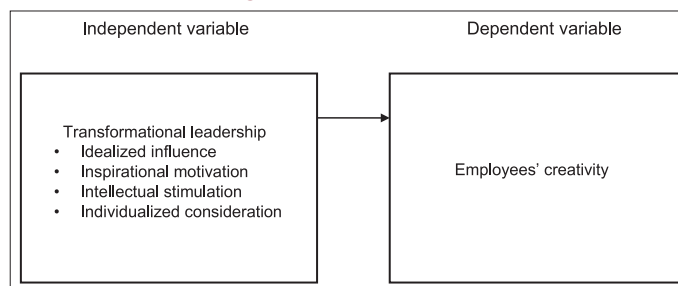
that influence this creative thinking and skills. Divergent thinking is often seen as creative thinking (Martens, 2011); it refers to the generation of different thoughts for solving problems, or seeking some other creative actions (Walton, 2003). Recent studies confirm that the higher the level of each of these two components—experience and divergent thinking—the higher the creativity is (Cekmecelioglu and Gonsel, 2013). Moreover, based on a study conducted by Martins and Terblanche (2003), creativity also has two other factors that make it more attainable: Psychological empowerment and rewards. Psychological empowerment was defined by Conger and Kanungo (1988), as psychological enabling and as “a process of enhancing feelings of self-efficacy among organizational members through the identification of conditions that foster powerlessness and through their removal by both formal organizational practices and informal techniques of providing efficacy information.” According to Spreitzer (1995), psychological empowerment is manifested in four dimensions: Meaning, competence, self-determination, and impact. Specifically, meaning is concerned with one’s feeling that his or her job is important and meaningful; competence refers to self-efficacy, believe in one’s ability to do the job; self-determination indicates to the autonomy in initiating one’s work activities; and impact is one’s influence on the job. Zhang and Bartol (2010) indicated that psychological empowerment ultimately influence employees’ creativity; empowerment has a significant influence on employees’ willingness to engage in the creative process. Specifically, when employees perceive that their job requirements are meaningful and personally important, they will be motivated to spend more effort on understanding problems from various perspectives, searching for solutions using a wide amount of information from multiple resources, and generating many alternatives by connecting diverse sources of information (Shalley and Gilson, 2004; Jabri, 1991). Rewards, when creativity is supported by providing incentives, will encourage employees to exhibit creative performance more frequently (Chen et al., 2012). Employees’ creativity is a source of business success, but only when they are willing to use their abilities, share their knowledge, and devote time to challenging tasks. Thus leaders need to encourage employees to use their abilities through implementing adequate reward systems (Markova and Ford, 2011). Employees should be rewarded not only for well-proven, trusted and fault-free work, but also for risk taking, experimenting and generating ideas (Martins and Terblanche, 2003). Rewards could range from a simple rise in salary to innovative non-financial rewards as both have different effect on employees, so the organization needs to design the right compensation system that will encourage employees to behave creatively (Markova and Ford, 2011).

### 1.3. Transformational Leadership and Employees Creativity

The relationship between transformational leadership and employees’ creativity has been studied by many scholars over the years because of the importance of this relationship to the organization’s success and survival. Some of the studies undertaken have proved that a positive relationship does exist, including a study conducted by Mittal and Dhar (2015). The purpose of that study was to observe the effect

of transformational leadership on employees’ creativity. The findings were driven from a hierarchical regression analysis which revealed that transformational leadership is positively associated with employees’ creativity; transformational leadership was also suggested to foster employees’ creativity and develop a creative work environment; moreover, transformational leaders could act as role models by setting an example for their followers and encouraging them to be creative. Finally, the study advised organizations to adopt a transformational leadership style because this is one way that they can develop and enhance the creative skills of their employees. In addition, the applied study by Kasasbeh et al., (2015) had 176 employees at mid and high management levels identify the impact of transformational leadership on creativity in industrial companies; the findings also supported the positive relationship between the two, and found that respondents have shown high awareness of the dimensions of transformational leadership and toward creativity; finally, it recommended that industrial organizations strengthen their reliance on transformational leadership style to increase their employees’ creativity. Different studies (Hu et al., 2013; Shin and Zhou, 2003) have also agreed that there is a positive relationship between transformational leadership and employees’ creativity, and that transformational leadership can influence creativity both directly and indirectly. Finally, according to Herrmann and Felfe (2013) a positive relationship does exist between transformational leadership and employees’ creativity and it will lead to a higher level of employees’ creativity. However, despite the fact that there are many studies which support this relationship, a study conducted by Basu and Green (1997) stated that transformational leadership was negatively related to the creative behavior of employees as under certain circumstances transformational leadership can deter creativity; moreover, where followers are intimidated by a charismatic leader this intimidation results in a lower incidence of creativity. Wang and Rode (2010) through their study of 55 organizations and 212 employees indicated that transformational leadership was also not significantly related to employees’ creativity. According to Chen et al., (2009), transformational leadership has a relatively small effect on employees’ creativity based on the data collected from 50 companies in Taiwan. In addition, Jaussi and Dionne (2003), and Redmond et al., (1993) indicated that there was no significant relationship between transformational leadership and employees’ creativity. Therefore, in this study, we further investigate whether transformational leadership has a positive relationship on employees’ creativity (Figure 1).

**Figure 1:** Research model



Referring to the purpose of the study and the study's research model the following hypothesis can be developed:

- H<sub>0</sub>: There is no significant relationship between transformational leadership and employees' creativity.  
 H<sub>0a</sub>: There is no significant relationship between idealized influence and employees' creativity.  
 H<sub>0b</sub>: There is no significant relationship between inspirational motivation and employees' creativity.  
 H<sub>0c</sub>: There is no significant relationship between intellectual stimulation and employees' creativity.  
 H<sub>0d</sub>: There is no significant relationship between individualized consideration and employees' creativity.

## 2. RESEARCH QUESTIONNAIRE

A questionnaire was designed and distributed for the purpose of investigating this relationship where statements with respect to the variables of transformational leadership and employees' creativity were each assessed on a 5-point Likert scale. For the purpose of designing the research questionnaire, the literature discussing the main variables is first explored to identify the proper independent and dependent variables and their scales, along with their assessments and reviews. The final scale of transformational leadership consisted of 12 items on its four dimensions: Idealized influence, inspirational motivation, intellectual stimulation, and individual consideration. These are based on the study conducted by Kirkbride (2006). Employees' creativity was measured by 19 items; experience, which included four items was suggested by Nilsson et al., (2013); divergent thinking that included three items based on a study conducted by Runco et al., (2001); psychological empowerment included four items derived from Spreitzer (1995), and finally rewards which included eight items. Four items were used to measure intrinsic rewards from the studies conducted by Aletraris (2010); Eisenberger and Aselage (2009), and another four items were used to measure extrinsic rewards as suggested by Malik et al., (2015). The population of the study consisted of 25 banks that operate in the Jordanian banking sector. Of the questionnaires, 369 were distributed to employees' working in banks located in the capital of Jordan.

### 2.1. Data Analysis

To examine the relationship between transformational leadership and employees' creativity, the variables were measured using a 5-point Likert scale ranging between strongly disagree = 1 and strongly agree = 5; reliability and validity analyses were conducted in addition to a multicollinearity test. Multiple regression analysis was conducted to test the research hypothesis using SPSS version 21.

### 2.2. Validity and Reliability

Validity and reliability are two important measures that determine the quality and usefulness of the data collected. Validity is about the extent to which a test is well developed to measure the particular concept it is intended to measure. Reliability indicates the extent to which the measure is consistent across time and across the instrument's various items, and hence is without bias. The researchers of the current study depended on scales and items that were previously developed and used by other researchers

with similar interests. In addition, a draft of the questionnaire was reviewed by academic lecturers who had sufficient knowledge and experience in this area to make sure that each item is measuring what is expected to measure, and to avoid any ambiguity or complexity in the phrasing of the questions. Moreover, construct validity was conducted in this research as it refers to "how well the results obtained from the use of the measure fit the theories around which the test is designed" (Sekaran and Bougie, 2013, p. 160). Factor analysis was used to measure construct validity, which is considered the heart of any research where a measure has been used as an index of a variable that cannot be directly observed (Westen and Rosenthal, 2003). According to Sekaran and Bougie (2013) factor analysis is important to establish the underlying dimensions of the concept that have been operationally defined and to indicate which of the items are most appropriate for each dimension. The purpose of factor analysis is to summarize and condense data so that relationships and patterns can be easily understood and interpreted (Yong and Pearce, 2013). There are two main techniques involved: Exploratory factor analysis (EFA) and confirmatory factor analysis (Thompson and Daniel, 1996). EFA isolates factor structures without consideration of the theoretical expectations of the researcher; as the name suggests, it is exploratory in nature and isolates factor structures, even when such expectations are available (Thompson and Daniel, 1996). EFA is used to establish construct validity. Responses to 36 items employed in this research were obtained from respondents and subjected to principal axis factoring to assess the dimensionality of the data. Three assumptions were followed to conduct EFA as suggested by Hair et al., (2010): Sampling adequacy (Kaiser-Meyer-Olkin measure [KMO] >0.5), the eigen values for each factor are > 1, and a factor loading of 0.30 for each item is used as the threshold for its retention. The results show that the KMO index, which ranges from 0 to 1 was 0.917 for transformational leadership, and 0.843 for employees' creativity, were both well above the recommended threshold suggested by Hair et al., (2010). Bartlett's test of sphericity was statistically significant ( $P = 0.000 < 0.05$ ) for the two variables indicating that the correlation are sufficiently large for the factor analysis. These tests: KMO and Bartlett's test of sphericity were considered prior to the extraction of the factors and used to assess the suitability of the respondents' data for factor analysis (Williams et al., 2010). Furthermore, a correlation matrix was introduced in the EFA process as a mean of displaying the relationship between variables; it was investigated for correlation coefficients over 0.30. Quite a number of correlations >0.30 were found in this research, which indicates that factor analysis was an appropriate statistical method to use. Promax rotation was employed to examine how many factors are needed to analyze the data (Williams et al., 2010). The results revealed that all the factors had eigen values >1 and all the items had loadings >0.30. The results also showed that the four-factor model of transformational leadership that emerged explained 61.541% of the total variance, which is within the 50-60% range suggested by Hair et al. (2010) for humanities studies.

The reliability of the instrument was measured by Cronbach's alpha coefficient. According to Karia and Asaari (2006), the values of all indicators or dimensional scales should exceed the minimum acceptable level of 0.50. Table 1 represents

the results of Cronbach's alpha for the independent and dependent variables. Cronbach's alpha coefficients of all the tested variables were 0.50 and above, which indicates that the composite measure is reliable.

### 3. HYPOTHESIS TESTING RESULTS

The main purpose of this study was to investigate the influence of transformational leadership on four dimensions (idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration) on the creativity of employees working in the Jordanian banking sector. Consequently, in order to test the hypotheses developed for this study, a multiple regression technique was used. The level of significance ( $\alpha$ -level) chosen was 0.05 and the probability value (P value) obtained

from the statistical hypothesis test was considered to be the decision rule for rejecting the null hypotheses (Sekaran and Bougie, 2013).

$H_0$ : There is no significant relationship between transformational leadership and employees' creativity.

Table 2 shows that the significance level of this data is 0.000. This indicates that the null hypothesis  $H_0$  is rejected and that there is a significant relationship between transformational leadership and employees' creativity at the significance level where  $P < 0.05$ .

In addition, Table 3 shows Pearson's correlation matrix was computed for the independent variable dimensions to check the correlation between them.

Pearson's correlation coefficient ( $R = 0.591$ ) indicates that there is a positive relationship between transformational leadership and employees' creativity. As the independent and dependent variable change in the same direction, the relationship is supported. Meanwhile,  $R^2 = 0.350$  indicates the amount of variation in employees' creativity (dependent variable) by transformational leadership (predictor). The  $R^2$  value should range from 0 to 1, and the closer the value is to 1 the better the regression model fits the data. This means that about 35% of the variance in employees' creativity is explained by the variance in transformational leadership. It also means that the more the banks' managers practice transformational leadership, the more employees' use creativity.

Table 4 shows an estimate of beta or  $\beta$ , for each of the independent variables. It is concerned with testing the effect of each predictor included in the model on the dependent variable. In addition, the tolerance value (with a cutoff value of 0.10) and the variance inflation factor (VIF) that is the inverse of the tolerance value (with a cutoff value of 5), are measures representing multicollinearity, which is the degree to which one independent variable is explained by the other independent variables (Sekaran and Bougie, 2013). As shown in Table 4, all VIF values for all independent variables were  $< 5$  and all tolerances were  $> 0.10$ , this indicates that there is no multicollinearity between the independent variables.

$H_{0a}$ : There is no significant relationship between idealized influence and employees' creativity.

For idealized influence,  $\beta = 0.424$  and significant = 0.000, which indicate that the null hypothesis is rejected and there is a

**Table 1: Reliability coefficients of the research variables**

Variable	Cronbach's alpha	Number of items
Independent variable: Transformational leadership	0.909	17
Idealized influence	0.794	4
Inspirational motivation	0.790	4
Intellectual stimulation	0.791	5
Individualized consideration	0.778	4
Dependent variable: Employees' creativity	0.850	19
Experience	0.500	4
Divergent thinking	0.755	4
Psychological empowerment	0.725	4
Rewards	0.761	7

**Table 2: ANOVA**

Model	Sum of squares	Df	Mean square	F	Significant
1					
Regression	31.820	4	7.955	48.961	0.000 <sup>b</sup>
Residual	59.140	364	0.162		
Total	90.960	368			

<sup>a</sup>Dependent variable: Employees' creativity, <sup>b</sup>Predictors: (Constant), idealized influence, inspirational motivation, intellectual stimulation, individualized consideration.  
ANOVA: Analysis of variance

**Table 3: Pearson's correlation matrix**

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Standard error of the estimate
1	0.591 <sup>a</sup>	0.350	0.343	0.403

<sup>a</sup>Predictors: (Constant), idealized influence, inspirational motivation, intellectual stimulation, individualized consideration

**Table 4: Coefficients of transformational leadership dimensions' R regression against employees' creativity**

Independent variable	Unstandardized coefficients		Standardized coefficients	T	Significant	Collinearity statistics	
	Beta	Standard error	Beta			Tolerance	VIF
Constant	2.178	0.124	-	17.563	0.000	-	-
Idealized influence	0.263	0.037	0.424	7.011	0.000	0.490	2.043
Inspirational motivation	0.008	0.045	0.012	0.178	0.859	0.408	2.450
Intellectual stimulation	0.054	0.041	0.078	1.340	0.181	0.523	1.912
Individualized consideration	0.114	0.038	0.169	3.025	0.003	0.573	1.745

VIF: Variance inflation factor

significant positive relationship between idealized influence and employees' creativity ( $P < 0.05$ ).

$H_{0b}$ : There is no significant relationship between inspirational motivation and employees' creativity.

For inspirational motivation,  $\beta = 0.012$  and  $\text{significant} = 0.859$ , which indicate that the null hypothesis is not rejected and there is no significant relationship between inspirational motivation and employees' creativity ( $P < 0.05$ ).

$H_{0c}$ : There is no significant relationship between intellectual stimulation and employees' creativity.

For intellectual stimulation,  $\beta = 0.078$  and  $\text{significant} = 0.181$ , which indicate that the null hypothesis is not rejected and there is no significant relationship between intellectual stimulation and employees' creativity ( $P < 0.05$ ).

$H_{0d}$ : There is no significant relationship between individualized consideration and employees' creativity.

For individualized consideration,  $\beta = 0.169$  and  $\text{significant} = 0.003$ , which indicate that the null hypothesis is rejected and there is a significant relationship between individualized consideration and employees' creativity ( $P < 0.05$ ).

#### 4. DISCUSSION AND CONCLUSION

The purpose of this research is to investigate the relationship between transformational leadership and employees' creativity in the Jordanian banking sector to provide a more specific examination of the influence of four dimensions of transformational leadership: Idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration of employees' creativity in the work environment.

The main null hypothesis which suggested that there is no significant relationship between transformational leadership and employees' creativity has been rejected, which indicates that there is a significant positive relationship between them. In this respect, this research supports the findings of other studies (Cheung and Wong, 2011; Gupta and Singh, 2012; Hyypia and Parjanen, 2013; Jyoti and Dev, 2015; Mittal and Dhar, 2015), which implies that transformational leadership is significantly related to employees' creativity. Employees are prone to depend heavily on transformational leaders to encourage them to perform their work creatively. According to Cheung and Wong (2011), employees' may learn from their leader's superior experience how to think and act creatively. Creative employees in today's environment are considered valuable assets that allow organizations to sustain a competitive advantage; transformational leadership helps these organizations to promote their employees' creativity and also to build creative work environments (Wong and Pang, 2003; Robinson and Beesley, 2010; Mittal and Dhar, 2015). Transformational leaders are more likely to show appreciation and empathy for their employees, which helps them to conquer their fear of

challenging the traditional ways in which things get done and, in turn, leads to higher creativity in their work. Moreover, those leaders who interact effectively with their employees, give them the advanced and up-to-date information that will motivate them to keep their minds open to new things and will enhance their creativity (Jyoti and Dev, 2015).

The second hypothesis stated that idealized influence does not have a significant relationship with employees' creativity, which has been rejected as shown in Table 4. This result is consistent with the findings of other research (Gong et al., 2009; Chan and Mak, 2014; Cheung and Wong, 2011). Through the influence of behavioral modeling, leaders are able to improve the abilities of their followers to create new ideas, generate solutions to problems, and challenge existing standards and procedures; idealized influence leaders gain their employees' appreciation and trust, which motivates them to take on a challenging goals that will promote their creativity (Bass and Avolio, 1990). Moreover, idealized influence can motivate employees to look for different ideas, aspects of a problem, and knowledge that will help them to perform their jobs more creatively (Shin et al., 2012).

The third and fourth hypothesis have been accepted, indicating that both inspirational motivation and intellectual stimulation do not have a significant relationship with employees' creativity as shown in Table 5. Although, inspirational motivation and intellectual stimulation have been suggested by several researchers as being positively related to employees' creativity (Slatten and Mehmetoglu, 2015; Hyypia and Parjanen, 2013; Hirst et al., 2009), improving that creativity is a very complex process where leaders should not only focus on achieving particular work in a specific manner, but also on identifying opportunities to improve in their work; unless leaders are able to make an alignment between making employees feels empowered to pursue new ideas and providing appropriate supervision, the creative process will be destroyed (Jung et al., 2003; Mumford et al., 2002). When leaders fail to focus and improve their employees' creativity, they are building barriers that prevent the employees from thinking out of the box and looking for new solutions to existing problems (Ahmadi et al., 2013). Moreover, the culture can contribute to this result as Arab managers are unwilling to share authority with their employees' and to inform them thoroughly about their decisions (Sawalha and Meaton, 2012), which can hinder the creative process.

The final hypothesis has been rejected, which indicates that individualized consideration has a significant positive relationship with employees' creativity as shown in Table 4. This is consistent with the other findings (Puccio et al., 2011; Herrmann and Felfe, 2013; Schweitzer, 2014). With individualized consideration, leaders build one-to-one relationships with their employees and realize their different needs, wants, skills, and aspirations. Moreover, doing so provides recognition and encouragement to employees, which improves their creativity in a significant manner (Gumusluoglu and Ilsev, 2009). According to Nusair et al., (2012), developing a reciprocal and cooperative individualized relationship with employees and trying to fulfill their needs will improve their creativity.

## 5. LIMITATIONS

Some limitation in this research must be considered in order to provide guidance for future research. First, the standard deviation for the independent and dependent variables ranges (0.91323-1.01833), which indicates that the data was not completely homogeneous; there is a little heterogeneity in the employees' responses toward idealized influence and experience. Second, the percentage of variance (adjusted  $R^2$ ) is relatively small with a value of (34.4%), which indicates that the independent variable (transformational leadership) explains only 34.4% of the variation in the dependent variable (employees' creativity). Thus the data cannot confirm the causality implied in the research model. Finally, a major limitation of this research is that many of the employees could not distinguish between the manager and the leader, which might lead to inaccurate responses; a manager is one who supervises their employees' to achieve goals and objectives by using techniques that he or she chooses. However, a leader is one who directs their employees' to achieve goals and objectives by using techniques that the leader and his followers choose. Leaders use guidance instead of power to encourage employees to achieve what they want them to achieve, where managers typically use authority and power (Ackoff and Pourdehnad, 2009).

### 5.1. Recommendations and Future Research

Developing creative ideas and solutions requires a relatively long time for employees' to acquire the necessary knowledge that will help them in this process. Moreover, the influence of transformational leaders takes time to appear among their employees (Jaussi and Dionne, 2003; Redmond et al., 1993). Thus, longitudinal research is strongly recommended, which may change the result of inspirational motivation and intellectual stimulation by not showing a significant relationship with employees' creativity. As there is a little heterogeneity in the data and the adjusted  $R^2$  is relatively small, it is also recommended that the sample size be increased to improve homogeneity and support the causal relationship between transformational leadership and employees' creativity. Future research should consider a third variable that may mediate the relationship between transformational leadership and employees' creativity, such as psychological empowerment. It would also be useful to compare the research results with other research results conducted in more developed countries to understand what the Jordanian banks could do to improve the employees' creativity. Finally, future research should consider applying the research to other service sectors such as the pharmaceutical sector or higher education that could benefit from the results, and be used to determine whether the results also indicate that transformational leadership has a significant positive relationship with employees' creativity.

## 6. CONCLUSION

This research provides the foundations to further investigate the relationship between transformational leadership and employees' creativity; this was examined by studying managers and leaders in the banking sector to determine if their charisma, intellectual stimulation, inspiration, and capacity to provide individualized consideration increased their employees' creativity. It was

found that the dimension that has been demonstrated the most by bank managers and leaders is idealized influence followed by individualized consideration. These characteristics were based on the respondents' ratings, and according to our results were found to have a statistically significant relationship with employees' creativity. However, the dimensions of inspirational motivation and intellectual stimulation have been found not to have a significant relationship with employees' creativity. This finding provides the basis for new research, especially as most previous studies have suggested a stronger and even more powerful relationship with creativity than both idealized influence and individualized consideration indicate. Furthermore, the findings suggest that psychological empowerment is the most dominant factor in employees' creativity. As the research results emphasize the importance of transformational leadership for eliciting higher levels of employees' creativity, they will help banks in designing recruiting and training programs in a way that promotes well developed and trained managers and leaders who possess the skills of being effective transformational leaders.

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