

# The Contribution of Transformational Leadership in Developing Intrinsic Motivation and Creativity of Employees

Bachelor Thesis for Obtaining the Degree

**Bachelor** of Science

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# **Affidavit**

I hereby affirm that this Bachelor's Thesis represents my own written work and that I have used no sources and aids other than those indicated. All passages quoted from publications or paraphrased from these sources are properly cited and attributed.

The thesis was not submitted in the same or in a substantially similar version, not even partially, to another examination board and was not published elsewhere.

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#### **Abstract**

The world of business has undergone significant change in the past twenty-five years in conjunction with the ever-evolving state of technological advancement, cultural transformation, and consumer preferences. In response to this change, a paradigm shift has occurred in many businesses in how leadership should be perceived and executed in the workplace. Firms have altered their focus from a more traditional, transactional leadership perspective, which embodies a task-oriented leadership approach, to a more transformational leadership perspective. Transformational leadership is rooted in the principles of encouraging individuals to lead with positive company values and to cultivate an environment where every employee feels safe and comfortable. For the purpose of analysis, transformational leadership is measured through four distinctive characteristics: Idealized Influence, Inspirational Motivation, Intellectual Stimulation and Individualized Consideration. This thesis aims to determine to what extent these characteristics of transformational leadership impact the growth and development of intrinsic motivation and creativity of employees.

Primary data was collected through an online survey accessible through the online platform LinkedIn. Questions were based on a Likert-scale in order to measure participants' intrinsic motivation and creativity, as well as the characteristics of leaders in participants' work environment. Through several statistical tests, a positive and significant correlation between the independent variables: Idealized Influence, Inspirational Motivation, Intellectual Stimulation and Individualized Consideration, and the dependent variables: Intrinsic Motivation and Creativity was observed. This evaluation concludes that leaders who oversee projects driven by innovation, elasticity and fluid work environment should implement transformational leadership in order to enhance and potentially maximize their employees' potential. The results of this thesis contribute to existing literature concerning the effectiveness of transformational leadership and offer an insight into which transformational leadership characteristics are the most influential on intrinsic motivation and creativity.



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# 1 Introduction

# 1.1 Background Information

Over the past few decades, a significant shift in leadership style has occurred. Businesses and firms have altered their focus from a transactional leadership perspective, which encompasses a task-oriented approach, to a more transformational leadership perspective (Abbas & Ali, 2021). Transformational leadership encourages individuals to lead with values, cultivate an environment where every employee feels safe and comfortable and create a relationship with each employee. This evolving style has been widely investigated and analyzed due to its contribution to organizational success (Ramsey et al., 2017). Previous studies have shown a positive correlation between transformational leadership behaviors and the performance of their followers (Lowe & Kroeck, 1996). The quality and quantity of creativity (Zhang & Zhou, 2014) and intrinsic motivation (Li et al., 2020) in the workplace has also been mentioned as being influenced through transformational leadership actions. These actions include intellectual stimulation, individual consideration, inspirational motivation and idealized influence.

Transformational Leaders focus on their employees' personal needs, which can impact their creativity and intrinsic motivation (Li et al., 2020). Several studies have shown the positive effects of transformational leadership but have also put limits on its influence. Abbas & Ali (2021) mentioned that there is a consensus suggesting leaders who oversee innovative, elastic, and/or change-oriented projects should incorporate a transformational leadership style. The same consensus also suggests that leaders who oversee projects that are less driven by these themes, such as construction or maintenance work, will find better performance and success using a transactional approach. Despite the potential advantages of transformational leadership on followers' performance in suitable fields, academic research and investigation into the relationship



between transformational leadership and the followers' creativity and intrinsic motivation is relatively scarce (Carreiro & Oliveira, 2019).

# 1.2 Research Question & Aim

The outcomes of this research contribute to the literature in multiple ways. Primarily, it further explores preferred leadership in the current era, which has shifted towards an ever-changing and agile work environment. Secondly, it displays the perspective of employees on their preferred leadership style, which should consequently impact and increase their intrinsic motivation and creativity. Lastly, it analyzes the extent of which transformational leadership influences creativity, as well as its effect on intrinsic motivation.

The following research suggests that transformational leadership positively influences creativity and intrinsic motivation in employees. Pulling from Transformational Leadership Theory, the researcher proposes that through intellectual stimulation, individual consideration, inspirational motivation and idealized influence, employees' intrinsic motivation, as well as their creativity in the workplace, can be enhanced, which can lead to elevated performance within the organization. The central research question of this thesis is:

To what extent does transformational leadership encourage intrinsic motivation and creativity in employees?

#### 1.3 Methods of Analysis

To address this research question, an online survey was created using a quantitative approach. The questionnaire was structured to address each independent and dependent variable using a 5-point Likert-scale. The collected data was then analyzed through several statistical tests, such as the Spearman Correlation test and Multiple Linear Regression model, in order to accept or rejected the hypotheses.



The following sections of the thesis are structure as followed: First, a detailed overview of already existing literature, as well as key definitions and concepts related to the topic of this research, are discussed in the literature review. This is followed by the methodology section, informing about the appropriate sampling technique, survey design, measures and data analysis methods. The next section depicts the findings of the data collection, which are analyzed with the assistance of several statistical tests. These tests include the determination of sample characteristics, descriptive data and hypotheses testing with the Spearman Correlation test and the Multiple Linear Regression model. As a result of the research and thorough discussion and interpretation of the findings, a conclusion is drawn, followed by an analysis of the study's limitations, managerial implications and future recommendations.

# 2 Literature Review

# 2.1 Leadership Theory

Recently, transformational leadership has evolved into one of the most prominent leadership styles in the business world (Islam et al., 2021). Transformational Leadership Theory is based on the process of bringing renewed change to both followers and leaders within an organization. This concept fosters the creation of a unanimous environment where leaders and those subject to their leadership aim to attain a specific and similar organizational goal. Therefore, it is necessary to develop an interdependent relationship that nourishes reciprocal trust and a sense of belonging between these two groups (Rolfe, 2011).

#### 2.1.1 The Importance of Leadership in Business

In a scholarly context, "leadership" can often be a complicated term to properly define. In fact, at any one given time it is possible to find hundreds of individualized, academic definitions of "leadership" and the parameters under which it should be studied. With this in mind, it is integral to narrow the search



into basic and palpable terms, as well as how this concept fits into the business world. In the most absolute basic of terms, one could define leadership as the ability of one person to make a plurality of other people do something specific (Ciulla, 2020). Stogdill (1950) takes this explanation a step further and expands the execution of leadership into three parts. First, there must be a group of two or more people. Secondly, this group must work towards a common goal or interest and lastly, members within the group must be assigned different roles and responsibilities.

Stogdill's (1950) definition helps bridge the gap between leadership in a general context to its imperative role in the business world. Based on the given parameters, leadership in a company can be defined across a multitude of the firm's layers. Whether it be supervisors of a shift, directors of a project, upper management, or the CEO of the business in its entirety, people are constantly implementing different contexts of leadership theory across every level of decision-making within a firm. In fact, each of these positions in their own right are working from a place of power to control the actions and directions of employees to improve the environment of the company, whether that be organizationally, financially, or innovatively (Walumbwa et al., 2017). In turn, the abilities and talents of those in a leadership position is what ultimately steers the direction of a company's performance, both directly and indirectly (Shafique et al., 2019). Effective leadership is not only crucial for a business to develop and maintain a level of success, but also instrumental when there is a need for change within a firm. Gill (2002) suggests that quality of leadership is extremely pertinent when determining how successful a company is in executing effective change. When leaders appropriate a vision, strategy and environment that welcomes a specific shift in direction, employees are more likely to engage with this change. Conclusively, it is evident that leadership plays a vital role in the realm of business. The effectiveness of those in power at every point along a company's structure is correlated both directly and indirectly to the overall wellbeing of the business (Hemingway & Maclagan, 2004). When these positions are filled with individuals who know how to harness the characteristics of strong



leadership, more often than not a firm will see positive benefits over a variety of metrics. When the opposite is the case, and those in positions of power lack the ability to lead effectively, the consequences tend to negatively impact the f

#### 2.1.2 The Bass Transformational Leadership Theory

After James Downton introduced the new approach of transformational leadership in 1973, Macgregor Burns expanded on its effectiveness in 1978, and Bernard M. Bass (1985) was the first scholar who conceptualized the transformational leadership theory around the possible influence of a leader on his/her followers.

Bass (1985) formulated his theory by distinguishing the difference between transactional and transformational leadership structures. In his consideration, transactional leadership lays focus on offering financial rewards in exchange for productivity. On the other hand, transformational leadership is defined as an extension of transactional leadership that emphasizes a given leader's ability to help his/her employees grow and develop into leaders themselves. This development within followers often occurs through leaders guiding them through aligned objectives and goals, while also empowering and responding to personal needs (Bass & Riggio, 2006). During his analytical studies, Bass observed and categorized four major components (4I's) that distinguish transformational leadership from other leadership styles. These include Idealized Influence, Inspirational Motivation, Intellectual Stimulation and Individualized Consideration (Bass, 1985).

#### 2.1.2.1 Idealized Influence

Idealized influence is most often associated with the figure of a role model, of whom others look up to and try to emulate (Shafi et al, 2020). Leaders in the workplace often try to utilize idealized influence, supported by followers' admiration, respect and trust, in order to achieve a certain goal (Bass & Riggio, 2006). According to Zdaniuk & Bobocel (2015), leaders that incorporate idealized influence into their strategy can initiate a sense of collective interest



within their employees, which can translate into an overall sense of purpose, the prioritizing of the group's benefit, and a respect of ethical standards. In general, transformational leaders are often regarded as having superb capabilities, relentless drive, and tenacity in the workplace. The most successful lead by example, demonstrating these traits side-by-side with followers in ways that command respect, and ultimately motivate followers to look up to and strive to imitate their superior (Bass & Riggio, 2006).

## 2.1.2.2 Inspirational Motivation

The next component of Bass's theory is inspirational motivation. This term refers to the ways in which transformational leaders provide special meaning to a project and impose goal-oriented challenges to their followers. These implementations not only assist employees in reaching their full potential, but also help them thrive in a positive work environment (Bass & Riggio, 2006). According to Salas-Vallina et al. (2020), inspirational leaders hold on to a particular vision or set of higher goals that drive progress forward and enables them to gain respect from followers. In order to deliver the right meaning to an employee's needs and actions, leaders need to exert dialogue, maintain transparent guidance and convey consistent positive energy. This concept holds merit based on previous studies that have shown the well-being and performance of an employee is not reliant solely on their physical environment, but also encompasses their psychosocial work environment (Salas-Vallina et al., 2020). Like the basis of idealized influence, inspirational motivation promotes the collective interest of a group. An example of this in action would be if a team member experiences a loss of interest in a project, which will inevitably lead to an overall inferior outcome of the group. The mission of the leader would then be to take into account the psychosocial structure of the individual employee and re-inspire them in order to protect the collective goal (Salas-Vallina et al., 2020)



#### 2.1.2.3 Intellectual Stimulation

Intellectual Stimulation, based on Bass & Riggio (2006), describes transformational leaders' efforts to stimulate followers' desires to be innovative, creative, and make a meaningful difference. Some means of achieving intellectual stimulation include challenging followers' assumptions, reformulating problems and finding new approaches to old situations. Instead of following predetermined strategies, followers are encouraged to discover unconventional and original solution to a certain problem, without fear of being overly criticized or penalized. Through intellectual stimulation at the workplace, knowledge creation and a maintainable competitive advantage can be achieved (Rafferty & Griffin, 2004). Groza et al. (2021) states the example that salespeople will be more likely to contribute to organizational innovation when supported by the intellectual stimulation of a sales manager. This further demonstrates the possibility for organizational performance to decrease if intellectual stimulation is not incorporated in a leader's strategy.

#### 2.1.2.4 Individualized Consideration

The final component of Transformational Leadership Theory according to Bass is individualized consideration. This factor is best represented when a transformational leader helps to address the needs of each individual under their scope of influence (Bass & Riggio, 2006). When demonstrating specific and specialized attention to each singular follower, a leader takes on the role of a coach and mentor. This individualization can help nurture each employee to reach his/her highest potential. Methods for identifying and addressing these needs include demonstrating undivided attention, listening and caring about what the follower is projecting, and ultimately providing emotional support on a strong level (Kwon et al., 2019). Another method, as well as a possible solution for issues identified in individualized consideration is the creation of new personalized learning opportunities for the follower (Bass & Riggio, 2006).



#### 2.1.3 The Transformational Leadership Process

According to Siangchokyoo et al. (2020) the concept of Follower Transformation, the evolution of a follower in the direction desired by a transformational leader, is the catalyst of success in Process-Oriented Transformational Leadership Theory. This evolution is fronted by followers' direct experiences with certain leaders, and the effectiveness of these leaders' actions. In this way, as followers are the catalyst for success, leaders are the catalyst for change, as Process-Oriented Transformational Leadership Theory is ultimately a top-down procedure that emphasizes innovation, motivation, and implementation, and relies on leaders as the catalyst for this change (Khan & Khan, 2019).

#### 2.1.3.1 The Vision

The transformational leadership process revolves around an organizational vision, which must be a well-articulated goal that leaders, followers, and an organization as a whole can clearly define, understand and strive for (Rafferty & Griffin, 2004). McClelland (1975) states that a clear, embodying, nuanced vision can lead to the indoctrination of compatible goals throughout employees at each level of a business. When the direction of a firm is clear and easy to relate, employees are more likely to adopt the vision as their own. This internalization can help motivate employees to perform based on individual interests seen within an organization's vision, and not simply on external, unconnected, or less inclusive factors.

#### 2.1.3.2 Inspirational Communication

Once a firm's vision is structured appropriately, it must be properly presented through the efficient use of inspirational communication. Examples of effective delivery include appealing to followers' emotional connections and increasing motivation through inspirational dialogue (Rafferty & Griffin 2004). Through these mediums, it is possible to boost confidence, strengthen motivation, and inspire performance in order to achieve the company's vision (Bass, 1985).



#### 2.1.3.3 Supportive Leadership

Strong, encouraging, interdependent communication is a counterpart that works in positive correlation to another integral structure within the Transformational Leadership Process: supportive leadership (Rafferty & Griffin 2004). While emotional and inspirational appeals can encourage internal motivation, it is essential that leadership also cultivates a culture of uplifting support. The inclusive parameters of a supportive climate are not concrete; the degree of fluctuation for these boundaries are based on multiple demographic variables (Kim et al., 2021). Age, sex, culture, and social identification are just a few of the factors that may impact the guidelines for creating a supportive system. With that in mind, there are some staples to success. It is clear that a friendly, psychologically supportive, safe, and responsive workplace are key ingredients that foster the desired culture and can leave an outstanding impact on performance at both the individual and group levels of an organization.

#### 2.1.3.4 Intellectual Stimulation

Intellectual Stimulation is another key component to the success of the Transformational Leadership Process. This point is oftentimes overlooked by its preceding values, yet its importance is equally as crucial for overall successful performance. According to Rafferty & Griffin (2004) intellectual stimulation focuses on reducing the stagnation of growth in followers' capabilities by emphasizing the continual and evolving comprehension and analysis of new problems. When a company looks to update challenges, increase awareness of new problems, and foster creative innovation, the intensity of followers' engagement with goals remains elevated (Rafferty & Griffin, 2004). Gradually and continually stimulating employees' intrigue has the potential to lead to consistent increases in the quality of production, success, and innovation.



#### 2.1.3.5 Personal Recognition

The fifth and final aspect of the Transformational Leadership Process is personal recognition. This principal targets contingent rewards and embodies the idea of offering positive acknowledgement for great performances (Rafferty & Griffin, 2004). These performances and achievements can be identified as the completion of specific and detailed goals, or recognition for exemplary attitudes and demonstrations of the values the company promotes. Personal praise, public praise, wage increases, and company promotions are all possible implementations the reward systems brought on by personal recognition (Bass, 1985). When applied appropriately, these types of recognitions can further motivate and incentivize followers to go beyond expectations, achieve milestones or attain certain levels of quality.

#### 2.1.4 The Transformational Leader

It is clear that for the Transformational Leadership Process to function properly, there is intrinsic value that must be understood and accepted by leaders within an organization. Leaders in this process must adopt many different positions within their respective groups: of a role model, a mentor, a coach, a supporter, and many more. In general, leaders must understand the importance of working among their followers, as opposed to above them.

#### 2.1.4.1 Relationships

Martin (2017) notes that transformational leaders differ themselves from the likes of transactional leaders through the relationships developed with their employees. Where transactional leaders focus on a more traditional leader-follower hierarchy of exchange, transformational leaders foster more personal, relatable, equal-level connections that help create deeply rooted change (Martin, 2017). These connections are developed by appealing to followers in ways that speak beyond inputs, outputs, and calculable job performance. This is often achieved by demonstrating interest in employee individuality, cultivating self-awareness and job purpose, and continuing to inspire towards a well-defined



mission. When transformational leaders blend these tactics with a supportive culture receptive to employee input, the results are frequent and highly positive ratings of leader effectiveness and overall work unit performance (Ewen et al., 2013).

### 2.1.4.2 Follower Support

According to Ramsey et al. (2017) a leader's authority is determined by his/her capability to interact with followers rather than utilizing formal power. In this way, transformational leaders focus on supporting their followers on different levels, being attentive to individual needs, and understanding how to access and drive employees' motives. This process not only promotes organizational success, but also guides employees to reach their maximum potential (Ramsey et al., 2017). Previous research has shown that employees guided by transformational leaders experience less stress during periods of change or disruption and oftentimes overachieve on their initially set goals (Martin, 2017).

#### 2.1.4.3 Idolization

When developing a supportive relationship with followers, and using personal and organizational values to guide them, transformational leaders hold the potential to be idolized or looked up to in ways that influence followers to identify with their leader (Bass & Riggio, 2006). While this type of power can be extremely beneficial, the phenomenon can also give leaders excessive opportunities that can become abused and mistreated if not handled correctly. Keeping this in mind, it is essential for those in this elevated position to be considerate of their scope of influence and develop a sense of self-awareness that allows for the self-control to overstep privileges of power, instead focusing on developing long-term growth, development, and performance within both their followers and the organization (Martin, 2017).



#### 2.1.4.4 Agreeableness

Additional to the common traits of transformational leaders, agreeableness is a quality that further enhances the abilities and influence of the individual. The term agreeableness in relation to leadership portrays the interpersonal tendencies of an individual. This can take form of person who inhibits caring, kind, honest, modest and compassionate traits. Moreover, Barrick et al. (2013) states that the level of agreeableness of a leader can tell a lot about the individual's tendencies to be forgiving and lenient rather than easily irritated. Blake et al. (2022) conducted research about the extent to which a leader's agreeableness relates to prevalent leadership styles, behaviors and results. This data collection acknowledged that managers that are considered agreeable have shown to enhance follower's outcomes and performance.

Furthermore, according to Blake et al. (2022), leaders that are considered agreeable are more likely to connect with followers and create interpersonal relationships leading to trusting and loyal followers. The agreeableness of a leader has also shown to have and a rather meaningful role within a group dynamic. When a team member reciprocates the leader's efforts to be agreeable, there is a higher chance for the leader to be considered and respected as a worthy leader (Blake et al., 2022). Therefore, it is unnecessary for potential leaders to suppress their tendencies to be agreeable in fear of appearing frail or weak. Rather, it would seem to be more beneficial to combine a successful leadership strategy with an enjoyable and pleasant personality.

#### 2.1.4.5 *Humility*

Another personality trait beneficial for a leader's character when interacting with followers is humility. Humble individuals perceive themselves objectively, appreciate the efforts of others and are generally more aware of the big picture scope, magnitude and perspective (Maldonado et al. 2021). Research has shown that a leader's humility not only increases followers' trust and loyalty, but overall job satisfaction and company performance too. Maldonado et al. (2021)



notes that leaders that can aptly recognize the strengths and weaknesses within themselves, as well as within their followers, have a higher rate of success when it comes to overcoming business crises. Humble leaders are often more open to alternate routes of operation, cooperating with others, and adding diversity to their skillset in the name of self-improvement. Through humility, they also obtain a greater awareness of his/her role within the organization's ecosystem, which makes for a better understanding on how to lead and guide their jurisdiction towards success.

#### 2.2 Intrinsic Motivation

Instead of relying on external motivational factors to drive progress, intrinsic motivation is developed from within oneself, and is based on a variety of factors. In the workplace, intrinsic motivation is encapsulated in individuals who are passionate about the task they are asked to perform, as opposed to those who are primarily focused on rewards like salary, benefits, and bonuses (Li et al., 2020).

#### 2.2.1 The Self-Determination Theory

The distinction between intrinsic and extrinsic motivation can be outlined by *Self-Determination Theory*, according to Deci & Ryan (1985). Intrinsic motivation can be seen as autonomous motivation, where an individual or a team feels the need and/or desire to execute a certain task out of interest and personal satisfaction. On the other hand, extrinsic motivation stands as a form of controlled motivation because it needs an intermediary incentive between the required operation and the final outcome. Even though extrinsic motivation relies on external compulsion, Deci & Ryan (1985) do suggest that extrinsic motivation has the potential to become internalized through repetitive structures and incorporating given values.



#### 2.2.2 Social Exchange Theory

Intrinsic motivation is a core foundation of ingenuity and development within a company, as employees' engagement, job satisfaction, and love for their work helps increase focus and drive, while resulting in the procurement of more evolutionary advancements within their field (Hughes et al., 2018). A leader's role in the development of intrinsic motivation within employees is captured in the ideas of *Social Exchange Theory*. As opposed to an economic exchange relationship, where financial and physical rewards are interchanged, social exchange relationships are based on socio-emotional resources that are passed on in an equivalent way to which they have been received (Wu et al., 2021). When transformational leaders focus on individuality, personal encouragement, and employee criticism, followers are more able to recognize creative potential (Eliyana et al., 2019).

#### 2.2.3 Factors Influencing Intrinsic Motivation

Intrinsic motivation differs distinctly from other types of motivation, and therefore has different factors that hold significant influence on the levels of intrinsic motivation within an individual. The following section identifies, defines, and analyzes the four most prominent of these factors: rewards, autonomy, purpose, and goals.

#### 2.2.3.1 Rethink Reward

Primary rewards are based in survival and evolution, molded by the needs an action of an organism that increase chances of survival and reproduction. In humans, water, food, shelter, and sexual intercourse are examples of stimuli to the primary reward system. Secondary rewards share a common bond with primary rewards in that the former is a mechanism to achieve the latter (Blain & Sharot, 2021). Currency is a great example of a stimulus to the secondary reward system, because it allows an individual to purchase primary rewards like food and water. As long as secondary stimuli are linked to primary rewards, they too carry a premium association. When this connection dissipates, so does



the value of the secondary reward (Bandura, 1977). If, for example, money stops being a practical tool to obtain a car, house, or food, then it will cease to be rewarding stimuli in exchange for a good or service.

Blain & Sharot (2021) noted that not all actions that result in primary and secondary rewards are intrinsically rewarding themselves. Unsatisfying labor is one of the best examples of this concept in a business setting. With this in mind, when analyzing intrinsic rewards, one must look for tasks and actions that are rewarding in and of themselves, therefore not requiring external reinforcement or connection to a primary or secondary reward (Blain & Sharot, 2021). Bandura (1977) suggests that an increase in self-efficacy, or one's belief in themselves to take the necessary actions to handle a problem or situation efficiently, is the defining trait that makes a task or activity intrinsically rewarding. Blain & Sharot (2021) agree with this assessment and note that intrinsically rewarding and motivating behavior should trigger cognitive changes that increase the internal perception of self-efficiency. Examples of such cognitively transformational activities include skill development, knowledge acquisition, exploration, problem solving, and motor learning. It is no coincidence then, that these actions also are so frequently identified as intrinsically rewarding behaviour (Blain & Sharot, 2021). Evidently, by rethinking their reward structure for employees, firms can not only increase intrinsic motivation, but also increase the capabilities and diversity of employees, further increasing firms' production and innovation.

#### 2.2.3.2 Create Autonomy

When describing autonomy in a business context, it is generally identified as the level of freedom given to employees by their superiors to dictate how individualized tasks are to be carried out (Sørlie et al., 2022). This employee-based control includes the timing and methods used in decision-making procedures and the fulfillment of specific objectives. Employees who are given more autonomy in their work environment are allowed more ownership over the way they carry out their work (Deci & Ryan, 1985).



The corresponding relationship between autonomy and job performance has traditionally been considered as motivational in nature. Hackman & Oldham (1976) characterized this in their exploration of Job Characteristics Theory. Since autonomy implies increased flexibility in completing a task, it leads to an elevated perception of responsibility in work results. Therefore, employees are more likely to accept higher levels of ownership in developmental, organizational, and fulfillment processes, which in turn positively affects motivation. Job Demands-Resources Theory further illustrates the motivational influence of autonomy on job performance. According to Bakker & Demerouti (2017), Job Demands-Resources theory describes autonomy as a situational job resource that promotes task and contextual performance through multiple motivational tools, such as commitment to a task, increased work engagement, and flourishing.

Strong autonomy in the workplace also has the potential to increase employee's desire and motivation to support fellow co-workers (Sorlie et al., 2022). As autonomy raises the perception of responsibility of the individual employee in the company's positive production, and because this production is not solely reliant on one worker's output, staying within the confides of an individual's work will not satisfy if the surrounding workforce are not maximizing efficiency (Bakker & Demerouti, 2017). Therefore, autonomy develops the motivating factor to work cohesively and help others to achieve goals, as these are ultimately goals of the organization as a whole. This has been demonstrated by meta-analytic and empirical studies that demonstrate a positive correlation between autonomy and contextual performance and extra-role performance (Sorlie et al., 2022).

#### 2.2.3.3 The Power of Purpose

Keyes (2011) noted that when a firm articulates a well-defined, encapsulating purpose, it does two things for employees. First, it helps employees realize a clear understanding of their individual role within the long-term goals of the company. Secondly, by bridging this gap between a firm's vision and individual



desire, it encourages empathy and commonality in employees to look beyond themselves and share mutual interests with the company (Keyes, 2011).

The identification of a shared vision and the opportunity for individuals to see their company's goals as a reflection of their own bolster intrinsic motivation, creates a novel work environment, and increases the productivity of a firm. In general, a strong, defining purpose fuels motivation in employees, which results in elevated levels of work performance across the board (Nazir et al., 2021). Kosine et al. (2008), also notes that a strongly developed purpose also assists employees in maximizing their potential, since individuals' ability to identify with large, manageable, intrinsically rewarding goals can bring deep fulfilment to their work and fuel a desire to unlock a better version of themselves.

### 2.2.3.4 The Goal Setting Theory

The Goal Setting Theory is often considered the foundation for which the process of student leadership development can be observed and analyzed. Developed by Locke & Latham (1990), the theory suggests that individuals are more motivated to pursue goals that are challenging, specific, and attainable, and seek these goals to a high level of performance.

In a later piece of literature, Latham & Locke (1991) also noted that while these findings hold true, individuals who settle for maintaining low-level performance are more easily satisfied with low-level goals. This serves in contrast with individuals who strive to attain higher level goals, as they become satisfied only when high levels of performance are achieved. Additionally, their research found that goals that adhered to the description of challenging, specific and attainable resulted in stronger motivation towards, and better performance overall than easy or participation-based objectives. This is because these types of goals require more effort from individuals, reduce ambiguity, and demand more focus and persistence. Likewise, difficult, specific, and attainable goals foster stronger strategic development, which further heightens performance metrics (Locke & Latham, 2002).



It is clear that Goal-Setting Theory is a critical development in leadership development and work motivation theory, because it distinctively identifies what types of goals maximize motivation and performance (Locke & Latham, 2002). When management implements distinctive, challenging, yet attainable goals in their firm, they unlock the potential to develop intrinsic motivation, garner peak performance, and foster innovation in the company.

#### 2.2.4 Intrinsic Motivation and Transformational Leaders

An academic study that has verified the positive correlation between transformational leadership and intrinsic motivation is the research of Li et al. Li et al. (2020) recognizes the trend that leaders who maintain a fair and honest work environment as perceived by their peers see increased levels of intrinsic motivation in these same peers, when compared to leaders who do not have the same reputation. This type of motivation fosters values and beliefs in employees that increase their commitment level, eventually concluding in elevated production, performance and innovation. Çekmecelio lua & Özba (2016) performed a hierarchical regression analysis that identified a nonlinear correlation between intrinsic motivation within employees and helping behaviors, in a way that suggests these behaviors will be higher when intrinsic motivation is similarly high.

This analysis also identified a leader's strength in trustworthiness as the instigator of this relationship. When a leader's trustworthiness was considered to be high, the relationship was more pronounced. When the leader's trustworthiness is perceived to be low, the pronouncement was significantly reduced. McAllister (1995) defines trust in a business setting as the level in which the words, actions, and decisions of an individual spur confidence and actions in another. According to Dirks and Ferrin (2002) followers' trust in their leader depends on a variety of factors, most importantly competency, care, integrity, and empathy. Wu et al. (2021) states that trust is a paramount building block of the Social Exchange Theory. Without trust, qualities such as communication, support, and respect cannot be efficiently developed. In the



context of organizational production, employees' trust in their superiors play a significant role in the firm's success; trust in the organization helps foster motivation, empowerment, involvement, and positive change in the workplace (Dirks & Ferrin, 2002). A trusting workplace also helps followers handle the organizational change that comes with success and innovation (Islam et al., 2021).

In the end, the results of the studies conducted by Çekmecelio lua & Özba (2016) and Li et al. (2020) found that while there are multiple factors that contribute to helping behaviors and intrinsic motivation in employees, it is clear that the overall qualities and symptoms of transformational leadership greatly are a large and influential mediator in the scope of these follower traits.

# 2.3 Creativity

Creativity is considered as the ability to procure original, abstract, and unique ideas, or to create something new, imaginative, or innovative (Cambridge Dictionary, n.d.). Traditionally, the concepts of creativity have been reserved for subjects of music, art, and culture. However, more recently this view has broadened beyond the fine arts to encapsulate more functional practices in business, science, and technology. While the factors of originality and imagination still play a central role in its definition, in the business setting there is an elevated focus on creativity as a tool to conquer competition and create competitive advantage. Another aspect to take into consideration when recognizing creativity in business is social setting, in this case place of work (Cropley, 2011). Mittone et al. (2022) found that the relationship between individuals and their environment has a direct impact on depth and opportunity for innovation. Therefore, it is important to assess the norms of the workplace to determine whether creativity is nurtured or inhibited by an organization's culture and leadership (Mittone et al., 2022).

While there is some type of correlation between creativity and innovation, defining it pragmatically has been difficult. While most literature suggest a



strong, mutual connection between the two, some have considered creativity and innovation as separate concepts entirely (Mittone et al., 2022). However, more recently, some clarity to the linkage between creativity and innovation has come to light. A literature review by Sarooghi et al. (2015) utilized a meta-analysis of 52 empirical samples and found that there was a strong positive correlation between creativity and innovation. This analysis further suggested that by identifying and encouraging employees with creative tendencies, a firm could substantially increase innovation within the company. It is therefore interesting to further research creativity within an organization and how leaders can have a positive effect on its development.

#### 2.3.1 The Creative Process

Divergent Thinking (DT) has been solidified by cognitive psychologists as the foundation on which creativity develops and grows. Also referred to as lateral thinking, DT is the ability of an individual to create a multitude of original ideas or solutions to a problem through a spontaneous flow of thinking. Essentially, it is the capability of the individual to create several unique, problem-solving solutions (Chantal & Markovits, 2022). This flow leads to high-creative thinking, problem solving, and innovative solutions, which is why it is a cornerstone of the creative process.

The Torrance Test of Creative Thinking (TTCT) is a measurement tool that helps indicate range of creativity in relation to divergent thinking. This test rates the capability of an individual for divergent thinking based on four factors. Fluency looks at one's capacity to produce a multiplicity of ideas, originality analyzes an individual's ability to create new, unique, or abstract thoughts, flexibility judges how well one creates new ideas in response to adversity, and elaboration dives into how well someone can add layers of detail to an idea (Torrance, 1962).

It is important to note, that while divergent thinking is considered essential to the abilities of creativity, the two traits are not identical. Guilford (1956) states



that an individual's creative potential also encapsulates abilities and capabilities outside of divergent thinking. In this case, other aspects of the creative process include insight and analytic ideation. Insight, more commonly known as an "A-ha!" moment, is a sudden, unexpected comprehension of an abstract concept or idea. Individuals are relatively unable to predict when moments of insight will occur (Luca & Mai, 2022). On the other hand, analytic ideation is a less subjective concept that encompasses active and deliberate thinking. Methods of analytic ideation include applying past knowledge to situation, using a solution template to answer a specific problem, and taking an unsuccessful process and returning it to the solution board in order to better generate alternative ideas (Kounios & Beeman, 2009).

The Insight Mental Model (IMM) and the Production Mental Model (PMM) are two strategies developed by Luca & Mai (2022) that look to demonstrate how insight and analytic ideation are utilized in the creative process by employees. IMM works off the premise that while employees cannot force moments of insight, a framework can be laid that helps promote insight to occur. This method focuses on preparatory measures such as incubation, active idea generation, and attention regulation to help enforce the concept that when employees are struggling with ideas, their time and effort are better utilized preparing for creative ideas as opposed to trying to force them into existence. Alternatively, the Production Mental Model looks to demonstrate that analytic ideation is the most effective method in pushing creative ideas. PPM looks to help employees focus on actively developing ideas and driving them forward as opposed to the exclusively preparatory framework of IMM (Luca & Mai, 2022).

#### 2.3.2 Creativity and Transformational Leaders

Leadership Encouragement of Creativity (LEC) is a term that describes the parameters in which innovative outcomes is reliant on a leader's emphasis on creativity in the workplace, as well as their active engagement in encouraging this process. Forms of encouragement could include defining the values of the firm, actively demonstrating the positive values of creativity on innovation and



success and articulating the desire for creative outcomes as a product of the firm through oral and written platforms (Cheng & Yang, 2019).

A follower's capacity for creativity is dependent on both individual skillsets and the characteristics of their work. This encompasses components such as job characteristics, available resources, company and individual goals, and overall work environment. (Ruiz-Palomino & Zoghbi-Manrique-de-Lara, 2020). As leaders oftentimes shape these characteristics, their influence on a follower's creative freedom is inevitable. Effective transformational leaders encourage followers to work creatively and think innovatively in the pursuit of successfully completing tasks. This encouragement can not only help with direct assignment completion, but also helps individuals and the company discover new systems, methods, and tools (Eliyana et al., 2019). Çekmecelio lua & Özba (2016) illustrate that supportive leadership in fostering creativity can include a trusting and open workplace, risk-taking, direct leader involvement, debate, and an overall tolerance for diversity, critical analysis, and new ideas. By pairing these interactions with intellectual stimulation of employees, leaders can inspire a climate of behaviors that facilitate creativity in the company.

In a study conducted by Zhang & Zhou (2014) it was reaffirmed that transformational leadership held the strongest positive relationship with creativity when factors like uncertainty avoidance and trust were high. The benefits of effective leaders on creativity in the workplace was also evaluated in a second study produced by Çekmecelio lua & Özba (2016). Their analysis concluded that out of four different aspects of transformational leadership, intellectual stimulation was found to be the most influential dimension in fostering creativity. These metric indicators demonstrate the effect of transformational leadership on employees, and how critical this effect can be on creativity and subsequently growth and development within followers and within a firm.



#### 2.3.3 Measurement of Creativity

While the relationship between creativity and innovation is obvious and well documented, there is much more complexity when it comes to actually measuring creativity (Tang et al., 2018). Most commonly, measurements include performance metrics and self-evaluation methods. However, this is not an absolute methodology, as there is some discrepancy in how well these metrics accurately reflect the role of creativity in the innovation process. As an example, there is a positive correlation between methods of self-evaluation and accurately measuring divergent thinking capabilities of an individual. However, this correlation is less distinctive when it comes to measuring creative problem solving (Mittone et al., 2022). While this is just one example of how the inner complexities of measuring creativity have not been explicitly defined, in general, tests of self-perception are considered an important and relatively accurate insight into individuals' abilities for creativity and innovation (Tang et al., 2018). A study conducted by Tierney & Farmer (2002), is just one example that supports this analysis. Their findings state that one's self-perception of creative abilities was found to be positively correlated to overall creativity of employees. It is with this data in mind, that for the purpose of this thesis, the variable of "creativity" will be measured and analyzed using self-evaluation measurements and the self-assessment method.

# 3 Research Model

Having considered the differentiations between transactional and transformational leadership, the essential and applicable theories outlined in transformational leadership, the overarching benefits this style of management has on intrinsic motivation and creativity in the workplace, and the potential and tangible positive relationship these characteristics have on production, growth, success, and innovation of an organization, the following research model can be introduced. This research model creates the outline and structure of this thesis as followed. The independent variable is represented by transformational



leadership and the dependent variables are represented separately by intrinsic motivation and creativity.

#### 3.1 Idealized Influence

H1a: There is a correlation between *Idealized Influence* and the *Intrinsic Motivation* of employees.

H1b: There is a correlation between *Idealized Influence* and *Creativity* of employees.

# 3.2 Inspirational Motivation

H2a: There is a correlation between *Inspirational Motivation* and the *Intrinsic Motivation* of employees

H2b: There is a correlation between *Inspirational Motivation* and *Creativity* of employees.

# 3.3 Intellectual Stimulation

H3a: There is a correlation between *Intellectual Stimulation* and the *Intrinsic Motivation* of employees.

H3b: There is a correlation between *Intellectual Stimulation* and *Creativity* of employees.

#### 3.4 Individual Consideration

H4a: There is a correlation between *Individualized Consideration* and the *Intrinsic Motivation* of employees.

H4b: There is a correlation between *Individualized Consideration* and *Creativity* of employees.



# 3.5 Conceptual Framework

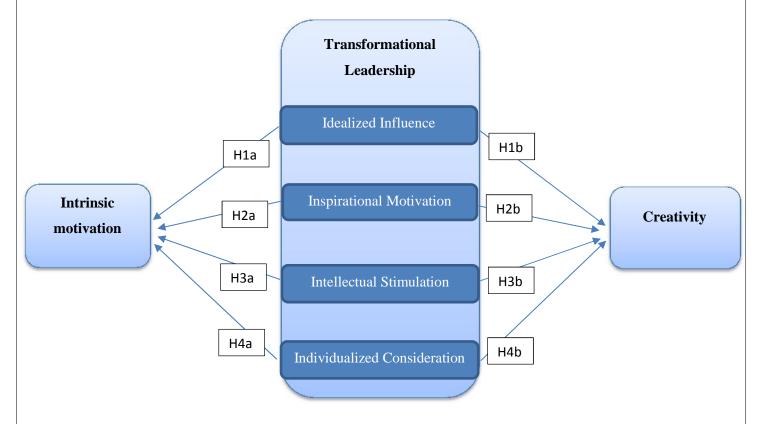


Figure 1: Conceptual Framework

# 4 Methodology

In order to validate the proposed hypotheses of this Bachelor Thesis and provide insight to the research questions, it is important to collect relevant primary data and analyze the results so that conclusions can be discovered. The following section offers a detailed approach as to how this study was conducted. This includes the determination of the research design, the measurement tools and the analysis of the results.

# 4.1 Research Design

The research design of this thesis determines how primary data is collected. The aim of this study is to collect relevant data about the effect of transformational leadership on intrinsic motivation, creativity and its consequence on innovation.



The researcher has the choice between qualitative, quantitative and mixed methods of research design (Creswell, 2014). Quantitative research methods focus on recognizing the researched variables and analyzing the results, whereas qualitative research methods focus on understanding and interpreting social interactions. (Apuke, 2017). When taking a qualitative approach, one can have a constructivist worldview for ethnographic designs and behavior inspections, or a transformative worldview, which is needed for open-ended in-depth interviews to gain deeper understanding of the underlying issues. When taking a quantitative approach, it is preferred to use a post-positivist worldview because it allows for objective theory testing through inspecting secondary data beforehand and collecting primary data after conducting the research. A mixed method employs a pragmatic worldview by combining multiple data types (Creswell, 2014).

For this thesis, a quantitative research design has been selected because it allows for the testing of hypotheses by looking at the cause-and-effect relationship of two or more variables. This process analyzes numerical data and utilizes specific statistical techniques in order to detect any outstanding observations (Creswell, 2014). In order to acquire primary data, an online survey was developed and sent out to appropriate respondents. Online surveys offer potential respondents an easier, more enjoyable experience and minimize processing costs and time for the researcher. Moreover, researchers found that computer-based surveys showed fewer mistakes when evaluating the data (Nayak & Narayan, 2019).

#### 4.2 Data Collection

#### 4.2.1 Sampling

Before developing the survey for primary data collection, it is essential to determine the study population and choose an efficient sampling strategy. The researcher's study population consists of employed individuals ranging from the age 18 to 65 and under the guidance of a supervisor/leader. There are two general types of sampling methods, probability sampling and non-probability



sampling (Jager et al., 2017). Probability sampling refers to random selection from a population that has equal and known chances of getting selected. Nonprobability sampling depends on the researcher's subjective judgment. This research paper uses the non-probability sampling, more specifically the convenient sampling. This choice has been made based on the fact that participants can be chosen based on how accessible they are. The survey link is posted on LinkedIn, which is a professional network and therefore a good pool to find participants. The researcher's LinkedIn account has 179 connections which means that there are 179 potential participants of the survey. Although it is unlikely that every connection participates in the survey, more participants can be found through additional snowballing sampling. By sharing the link on LinkedIn, there is a pathway for snowballing sampling where participants provide referral to friends and family. This sampling technique has its advantages as well as disadvantages. While it is a simple, cheap and efficient technique, it reduces the researcher's ability to generalize the results on a broader population. In terms of scope and size, the researcher tried to collect a sample of at least 80 participants across multiple industries and managed to gather 102 participants. This will increase the range of observation of the data collection, improve data diversity, and reduce the impact of abnormal outliers (Naderifar et al., 2017).

#### 4.2.2 Survey Design

The aim of the web-based survey is to test the proposed hypotheses by asking the sample population several questions concerning the transformational leadership characteristics and its relation to creativity and intrinsic motivation. The gathered information is analyzed, and the proposed hypotheses can be either accepted or rejected. H1a claims that there is a correlation between idealized influence and the intrinsic motivation of employees. H1b claims that there is a correlation between Idealized Influence and creativity of employees. H2a claims that there is a correlation between inspirational motivation and the intrinsic motivation of employees. H2b claims that there is a correlation between



inspirational motivation and creativity of employees. H3a claims that there is a correlation between intellectual stimulation and the intrinsic motivation of employees. H3b claims that there is a correlation between intellectual stimulation and creativity of employees. H4a claims that there is a correlation between individualized consideration and the intrinsic motivation of employees. H4b claims that there is a correlation between individualized consideration and creativity of employees.

Since the survey is conducted online, potential respondents reached through LinkedIn will remain anonymous. All inquiries take the form of closed statement questions, developed on Google Forms and answered through a 5-point Likert Scale, ranging from Strongly Disagree to Strongly Agree. Respondents receive an introduction of the subject matter and purpose of the survey. A set of 24 questions split into four sub-categories are asked (see Apendix).

#### 4.3 Measures

In order to efficiently accept or reject the hypotheses, one must decide several measures that best represent the different aspects of the research topic. The following section will describe and explain the chosen measures and questions.

#### 4.3.1 The Persona

The first section "Questions about Your Persona" determines sample characteristics such as gender, age, location, employment status, the importance of a leader and the self-perception of creativity. This information offers a better understanding of the background of the survey participants and allows for better interpretation of the results.

#### 4.3.2 Transformational Leadership Characteristics

The second section "Transformation Leader Characteristics" includes questions about the respondent's leaders' traits. The transformational leader traits were split into four sections. These sections were mentioned in the literature review



and are based on Bass's (1985) 4I's concept: Idealized Influence, Inspirational Motivation, Intellectual Stimulation and Individual Consideration. These four components act as the independent variables. Through the responses, the researcher can determine if the leader employs transformational leadership strategies or not. Since the survey is based on a 5-point Likert-scale, 1/Strongly disagree indicates that the leader does not have a transformational leader trait and 5/Strongly agree indicates that the leaders do in fact have transformational leadership traits.

#### 4.3.2.1 Idealized Influence

The transformational leadership trait "Idealized Influence" is analyzed by the statement: "My supervisor expresses his/her confidence that we will achieve our goals." and "My supervisor emphasizes the importance of having a collective sense of mission." These statements are based on a study conducted by Jaiswal & Dhar (2015). The ranking on the 5-point Likert-scale offers information whether the participant's leader practices idealized influence or not.

#### 4.3.2.2 Inspirational Motivation

The transformational leadership trait "Inspirational Motivation" can be determined through the statements: "My supervisor talks to us about his/her most important values and beliefs." and "My leader has a clear sense of where our organization should be in five years." These statements were based on a study conducted by Hoai (2022) and enable the researcher to identify through the 5-point Likert-scale whether or not the leader holds on to a particular vision or set of higher goals that he uses to motivate the employee.

#### 4.3.2.3 Intellectual Stimulation

The transformational leadership trait "Intellectual Stimulation" is assessed through the statements: "My leader challenges me to rethink unanswered problems in the workplace." and "My supervisor helps me look at a task from many different angles." The statements are inspired by Jaiswal & Dhar (2015) and identify through the 5-point Likert-scale, whether the leader puts efforts into stimulating his followers' desires to be innovative and creative.



#### 4.3.2.4 Individual Consideration

The transformational leadership trait "Individual Consideration" can be is observed through the acknowledging statements: "My supervisor helps group members to develop their strengths." and "In our professional relationship, my supervisor considers my individual personality and needs." These statements are inspired by Jaiswal & Dhar (2015) and determine through a 5-point Likert-scale, whether the leader helps to address the needs of each individual under their scope of influence (Bass & Riggio, 2006).

#### 4.3.3 Creativity

The measurement component "Creativity" is the dependent variable and is measured in relation to transformational leaders' actions (4I's). In order to determine if the supervisor/leader has an influence on the respondent's creativity at the workplace, the following statements were assessed and ranked on a 5 point-Likert scale: "My supervisor's leadership style motivates me to think "outside the box".", "My supervisor's leadership style improves my ability to generate novel ideas at my workplace.", "My supervisor's leadership style enhances my ability to solve problems creatively at my workplace.", "My supervisors leadership style enhances my desire to be on the look-out for new ideas at my workplace."

#### 4.3.4 Intrinsic Motivation

The measurements component, "Intrinsic Motivation" is the second dependent variable, and is also measured in relation to transformational leaders' actions (4I's). The statements that were ranked on a 5 point-Likert scale are: "I enjoy bringing new ideas to the table in the workplace.", "I find great satisfaction in completing tasks at my workplace.", "In my current work environment, I am inclined to perform a task without incentive.", "My supervisors leadership style enhances my willingness to work autonomously towards my goals at my workplace.", "My supervisors leadership style helps me to find meaning in my work."



The completion of all questions has the potential to determine whether or not there is a correlation between transformational leadership traits in respondents' superiors, and employees' own creativity and intrinsic motivation.

### 4.4 Data Analysis

Respondents accessed the survey through a link that will take them directly to Collected transferred Google Forms. data was then to Jamovi (https://www.jamovi.org/), an open source, renowned and well-respected data analytics program, where it was checked and analyzed. In order to verify the determined hypothesis, the researcher will perform several statistical tests. After having collected the sample characteristics of the respondents, a reliability test utilizing the principles of Cronbach's Alpha will be conducted in order to determine the strength of truth in the collected data. The next step is testing the hypotheses. Since the aim of the data collection is to detect correlations between the dependent and the independent variable, and the researcher is operating on a Likert scale, a Spearman Correlation test will be conducted. The next step is to perform a Multiple Linear Regression analysis, which offers a numerical and visual representation of the linear relationship between the dependent and independent variables, as well as each contribution of the four independent variables to the change of the dependent variable. Ultimately, the results will be displayed in visual representations and tables which will provide the results of the calculations in a clear, concise, and digestible manner.

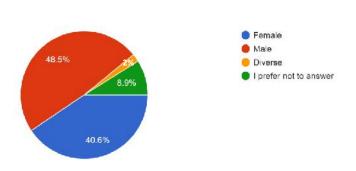
# 5 Findings

After a two-week duration of data collection, a final sample size of 102 respondents with completed surveys was achieved. This data collection was determined by the researcher as significant in size, scope, industry, and diverse characteristics. The following section evaluates the range of answers given by respondents and interprets the results.



# 5.1 Sample Characteristics

The first step in inspecting the findings of this data collection is determining the characteristics of the respondents. This evaluation not only contributes to a better understanding of the researched population, but also aids in the interpretion and understanding of the numerical data collected from the survey. The characteristics of this data were comprised of an Age Distribution, Gender Distribution, Geographical Distribution, Employment Status, Working Industry of the Respondents and a self-evaluation of Personal Creativity Level.



50
40
30
20
10
0-18
18-30
30-45
45+ prefer not to answer

Figure 2: Gender Distribution of Respondents

Figure 3: Age Distribution of Respondents

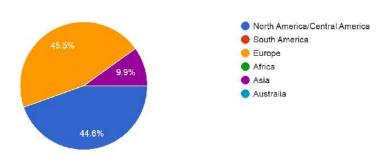


Figure 4: Geographical Distribution of Respondents

The first three sample characteristic distributions are depicted in Figure 2, 3 and 4. Figure 2 demonstrates the balanced diversification in gender of respondents; 48.5% of the respondents are male, 40.6% are female. In terms of age



diversification, individuals between 18-30 years of age accounted for the highest percentage of participants, followed by individuals over 45 years old (Figure 3). Additionally, the data in Figure 4 represents the geographical distribution of the sample. All participants came from one of three locations: North/Central America, Europe, and Asia. 45.5% of responders are located in Europe, 44.6% currently live in North/Central America and 9,9% currently live in Asia. The skew in this distribution directly correlates with the medium in which the survey was distributed. Because LinkedIn was the main point of access of the survey, respondents were more likely to share mutual points of contact and location with the researcher. Since most of the researcher's professional life is distributed in these three regions, the reflection of this geographically makes sense.

Employment Status				
Employed for wages	92	90.20%		
Out of work but not currently looking for work	1	0.98%		
Self-employed	4	3.92%		
Student	5	4.90%		
Total	102	100%		

Table 1: Employment Status of Respondents

A data set that had a very favorable breakdown regarding the intended study is the employment status of responders. 90.2% of participants are currently employed for wages, whereas 4.9% are students, 3.92% are self-employed and 0.98% are out of work (Table 1). Since a vast majority of the collected sample encompass employed individuals, most answers are derived from those currently working under some type of supervisor or leader. This aspect helps accurately reflect real-world testament as opposed to if the majority of respondents were, for example, self-employed with no boss, or students finishing secondary education.



Table 2 offers an overview of the industries that respondents work in. Marketing, finance, and service were the most represented industries, with 13, 10, and 10 participants respectively. However, 21 different industries were characterized in the sample overall. This diversity creates an insight into how transformational leadership and its effect translates over a wide spectrum of the functioning economy.

Industry	
Accounting	3
Administration	3
Business	8
Education	2
Emergency Responder	4
Engineering	2
Entertainment	2
Fashion	7
Finance	10
Healthcare	3
Tourism	9
IT	1
Law	2
Manufacturing	6
Marketing	13
Retail	3
Sales	6
Service	10
Sports	2
Tech	5
Transportation	1
Total	102

Table 2: Industry of Respondents' workplace



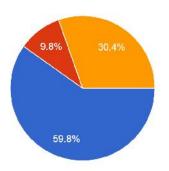


Figure 5: Respondents opinion of whether the guidance of a leader elevates the work performance

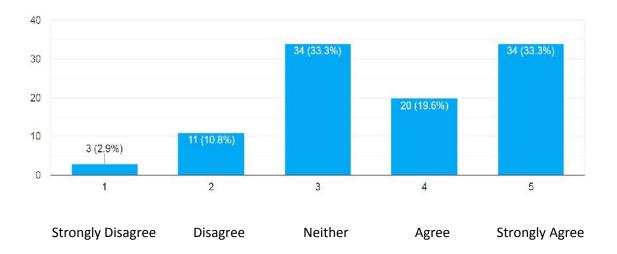


Figure 6: Respondents self-perception of their creativity

Individuals' self-belief in whether or not the guidance of a leader elevates the work performance of the employees was another critical characteristic of the data sample (Figure 5). This information is integral because it verifies the validity of the relationship between a supervisor's leadership style and employees' creativity and intrinsic motivation while screening for bias. If the majority of participants believed that a leader elevates work performance, and the data collection reflected that, a significant source of bias could be assumed. Likewise, if the majority of participants did not believe this same principle, and the data collection reflected this self-belief, a similar source of bias could be assumed. In this sample, there is a generally fair distribution. Out of the 102



respondents, 59.8% found the guidance of a leader important when it comes to elevating work performance, 9.8% opposed the statement, and 30.4% were neutral.

The final characteristic quantified in the study was the participants' self-perception of their own creativity, measured across a Likert scale (Figure 6). 33.3% of participants strongly agree with creativity being a staple of their self-image, 2.9% consider themselves not creative at all, and 33.3% felt neutrally.

# **5.2** Descriptive Data Analysis

A complete overview of the descriptive statistics for every analyzed variable can be found in Table 3; this analysis fully indicates the key proponents of employees' creativity and intrinsic motivation. This breakdown demonstrates that the transformational leadership characteristic "Idealized Influence" has the highest average value of any indicator, with a mean of 4.09 against a skewness of -1.27. When it comes to differentiation within the statistic, all variables skew to the left due to the fact that they are all negative. "Intellectual Stimulation", "Individualized Consideration" and "Intrinsic Motivation" are considered fairly symmetrical values because their value of skewness lies between -0.5 and 0.5. "Inspirational Motivation" and "Creativity" are moderately skewed while "Idealized Influence" is considered highly skewed because it is less than -1. The variables "Idealized Influence", "Inspirational Motivation" and "Creativity" have a kurtosis higher than 0, resulting in a heavier tail distribution. The three remaining variables have a negative kurtosis; therefore, a light tail and flatter distribution can be observed. Standard deviation offers an insight over the breath between the mean and the outlier values. "Individualized Consideration" has the highest standard deviation with a spread of 1.24, pointing to a wide breath of data. "Idealized Influence" has the lowest standard deviation, implying that overall, response indicated values are more closely oriented to the mean.

In order to determine the normality of the distribution of the data, the appropriate statistical method needs to be implemented. With this in mind, a



Shapiro-Wilk test was performed. This metric showed that all variables had values in the range of W=0.830 to W=0.929 with p<0.001. When the p-value of a Shapiro-Wilk test is p<0.05 then the data is considered significant and there is an implication that the data is not normally distributed. Due to this, a Non-Parametric Spearman Correlation test should be conducted in order to accept and reject the given hypotheses.

Variable	Mean	Skewness	Kurtosis	Standard Deviation	Shapiro-Wilk Statistic	Shapiro- Wilk Significance
Idealized Influence	4.09	-1.27	1.13	0.956	0.83	<0.001
Inspirational Motivation	3.64	-0.833	0.199	1.06	0.903	<0.001
Intellectual Stimulation	3.39	-0.378	-0.922	1.2	0.929	<0.001
Individualized Consideration	3.46	-0.435	-1.04	1.24	0.908	<0.001
Creativity	3.52	-0.556	-0.938	1.18	0.912	<0.001
Intrinsic Motivation	3.59	-0.275	-1.21	1.04	0.929	<0.001

Table 3: Descriptive Statistics of the variables and Shapiro-Wilk Normality test

## **5.3** Reliability Test

Cronbach's Alpha, also called Coefficient Alpha, is a measurement tool for reliability and internal consistency of data within an experiment. This test is oftentimes applied to multiple question tests, like a Likert scale survey. This thesis research utilizes the Likert scale to measure all six variables related to transformational leadership. Therefore, the research would benefit considerably from the use of Cronbach's Alpha to measure reliability. Generally, when 0.9, internal consistency is considered to be excellent. Table 4 shows that the coefficient alpha for every variable is 0.9, meaning that the data considered is very reliable.



Variables	Cronbach's α
Idealized Influence	0.936
Inspirational Motivation	0.939
Intellectual Stimulation	0.932
Individualized Consideration	0.927
Creativity	0.919
Intrinsic Motivation	0.928

Table 4: Reliability Test

# 5.4 Hypothesis Testing

The following section details the testing of previously stated hypotheses and the relationship discovered between the aforementioned transformational leadership characteristics (4 I's) and employees' intrinsic motivation, as well as the relationship between the transformational leadership characteristics (4 I's) and employees' creativity. The 4 I's: Idealized Influence, Inspirational Motivation, Intellectual Stimulation and Individualized Consideration, represent independent variables. In contrast, Creativity and Intrinsic Motivation represent dependent variables. Since data was measured and collected based on a Likert scale, the sample is considered and will be treated as ordinal data. In order to determine a correlation between the independent and dependent variables, a Pearson Correlation test or a Spearman Correlation test can be conducted. The previously mentioned Shapiro-Wilk test in Table 3 proves that the data collection is not distributed normally. With this in mind, a Spearman Correlation test is most suitable for hypotheses testing.

### 5.4.1 Hypothesis 1a

H1a: There is a correlation between *Idealized Influence* and the *Intrinsic Motivation* of employees.

Hypothesis 1a makes the assumptions that there is a positive relationship between transformational leaders' idealized influence and follower's intrinsic



motivation. Table 5 depicts the Spearman RHO Correlation test conducted between the independent variable: Idealized Influence, and the dependent variable: Intrinsic Motivation. The data shows that there is a strong, positive, monotonic correlation between the two constructs:  $\tau_s$ = 0.737, p < 0.001. This implies that when the idealized influence of a leader was ranked high, the intrinsic motivation influenced by the leader was also ranked high. The relationship between the two variable is significant and therefore the null hypothesis can be rejected and the alternative Hypothesis 1a can be accepted.

Variable	Spearman Correlation Coefficient	Significance (p-value)
Intrinsic Motivation	1	
Idealized Influence	0.737	< 0.001

Table 5: Spearman correlation Hypothesis 1a

#### 5.4.2 Hypothesis 1b

H1b: There is a correlation between *Idealized Influence* and *Creativity* of employees.

The Hypothesis 1b also measures the effect of idealized influence but focuses on the positive relationship the independent variable: Idealized Influence and the dependent variable: Creativity. In Table 6, one can see that with  $r_s$ = 0.734 and p < 0.001 that there is also a strong and significant monotonic relationship between the two constructs. This implies that the higher the ranking of the idealized influence, the higher the creativity level of the employee. Since the p-value is below 0.05, the null hypothesis can be rejected and the alternative hypothesis 1b can be accepted.

Variable	Spearman Correlation Coefficient	Significance (p-value)
Creativity	1	
Idealized Influence	0.734	< 0.001

Table 6: Spearman correlation Hypothesis 1b



### 5.4.3 Hypothesis 2a

H2a: There is a correlation between *Inspirational Motivation* and the *Intrinsic Motivation* of employees

Hypothesis 2 focuses on the Inspirational Motivation construct. Hypothesis 2a makes the assumption that there is a positive relationship between the transformational leader's Inspirational Motivation and his follower's Intrinsic Motivation. According to the data in Table 7, the two constructs have a slightly lower Spearman Correlation coefficient but still strong positive monotonic relationship. With  $\tau_s$ = 0.693 and p < 0.001 the relationship is significant. When the rating for Inspirational Motivation is high, then intrinsic motivation is also high. The Null hypothesis can therefore be rejected and the alternative hypothesis 2a accepted.

Variable	Spearman Correlation Coefficient	Significance (p-value)
Intrinsic Motivation	1	
Inspirational Motivation	0.693	< 0.001

Table 7: Spearman correlation Hypothesis 2a

#### 5.4.4 Hypothesis 2b

H2b: There is a correlation between *Inspirational Motivation* and *Creativity* of employees.

Hypothesis 2b assumes that there is a positive relationship between the transformational leader's Inspirational Motivation and his follower's creativity. In Table 8, one can see that the spearman correlation coefficient is  $\tau_s$ = 0.794 and the p-value is p < 0.001 which implies that there is a significant strong positive monotonic relationship between the independent variable Inspirational Motivation and the dependent variable creativity. When Inspirational Motivation is applied, then the employee feels that his creativity increases. This



data allows the researcher to reject the Null hypothesis and accept the alternative hypotheses 2b.

Variable	Spearman Correlation Coefficient	Significance (p-value)
Creativity	1	
Inspirational Motivation	0.794	< 0.001

Table 8: Spearman correlation Hypothesis 2b

## 5.4.5 Hypothesis 3a

H3a: There is a correlation between *Intellectual Stimulation* and the *Intrinsic Motivation* of employees.

Hypothesis 3a aims to prove that there is a positive relationship between the transformational leader's Intellectual Stimulation and the employee's Intrinsic Motivation. Table 9 showed that the two constructs also have a strong positive monotonic relationship with  $\tau_s = 0.733$ . Additionally, the p-value is below 0.05 which points to a significant relationship. When a leader utilizes Intellectual Stimulation on his employees, their ntrinsic motivation is higher. Therefore, the null hypotheses can be rejected and the Alternative relationship assuming that there is a correlation between Intellectual Stimulation and Intrinsic Motivation can be accepted.

Variable	Spearman Correlation Coefficient	Significance (p-value)
Intrinsic Motivation	1	
Intellectual Stimulation	0.733	< 0.001

Table 9: Spearman correlation Hypothesis 3a



#### 5.4.6 Hypothesis 3b

H3b: There is a correlation between *Intellectual Stimulation* and *Creativity* of employees.

This Hypotheses makes the assumption that there is indeed a positive relationship between a leader's Intellectual Stimulation and the employee's creativity level. According to the data in table 10 the Spearman Correlation Coefficient for Creativity and Intellectual Stimulation is the highest with  $\tau_s$  = 0.796. This implies that there is a strong positive monotonic relationship. Additionally, the p-value is also below 0.05 which makes the relationship between the two constructs significant. When a leader applies Intellectual Stimulation, the employee experiences an elevated creativity level. The researcher can therefore reject the Null hypotheses and accept the alternative hypotheses 3b.

Variable	Spearman Correlation Coefficient	Significance (p-value)
Creativity	1	
Intellectual Stimulation	0.796	< 0.001

Table 10: Spearman correlation Hypothesis 3b

#### 5.4.7 Hypothesis 4a

H4a: There is a correlation between *Individualized Consideration* and the *Intrinsic Motivation* of employees.

Individualized Consideration is the last transformational leadership characteristic being measured. Hypotheses 4a assumes that there is a positive relationship between a leader's individualized consideration and the employee's intrinsic motivation. Table 11 shows that the Spearman Correlation coefficient is  $\tau_s = 0.746$  which implies a strong positive monotonic relationship between the two variables. The positive correlation indicates that when Intellectual Stimulation is being applied, the employee's Intrinsic Motivation is increased. Additionally, the p-value is p < 0.001 which makes the relationship significant.



Therefore, the researcher can reject the null hypotheses and accept the alternative hypothesis 4a.

Variable	Spearman Correlation Coefficient	Significance (p-value)
Intrinsic Motivation	1	
Individualized Consideration	0.746	< 0.001

Table 11: Spearman correlation Hypothesis 4a

#### 5.4.8 Hypothesis 4b

H4b: There is a correlation between *Individualized Consideration* and *Creativity* of employees.

The last hypothesis 4b describes the positive relationship between the leader's individual consideration and the employee's creativity level. The table 12 below offer an overview of the Spearman Correlation coefficient, which in case of the relationship between the variables creativity and individual consideration is  $\tau_s$ = 0.794. This implies that considering a followers individual needs lead to a higher creativity level at the workplace. Additionally, the p-value was below 0.001 proving that the relationship is significant. The researcher can therefore reject the null hypotheses and accept the alternative hypothesis 4b.

Variable	Spearman Correlation Coefficient	Significance (p-value)
Creativity	1	
Individualized Consideration	0.794	< 0.001

Table 12: Spearman correlation Hypothesis 4b



## 5.5 Linear Regression model

Because most questions were ranked on a Likert-scale, the data is considered to be on an ordinal scale. During the analysis of the collected data, the researcher calculated a mean for a set of questions targeting a variable which results in an approximately continuous variable. As mentioned in the Measure section, the first two questions target "Idealized Influence", two questions target "Inspirational Motivation", two questions target "Intellectual Stimulation", two questions target "Individualized Consideration", five question target "intrinsic motivation" and four question target "creativity". This allows the researcher to create a Linear Regression model in order to determine the contribution of all independent variables, Idealized Influence, Inspirational Motivation, Intellectual Stimulation, Individualized Consideration to the change of the dependent variable, Intrinsic motivation, as well as the contribution of the independent variables Idealized Influence, Inspirational Motivation, Intellectual Stimulation, Individualized Consideration to the change of the dependent variable Creativity.

#### **5.5.1** Intrinsic Motivation

For the first Multiple Linear Regression model, Intrinsic motivation is considered the dependent variable, whereas Idealized Influence, Inspirational Motivation, Intellectual Stimulation, Individualized Consideration are considered the covariates/independent variables.

Table 13 represents the Model fit measures and Table 14 the Model coefficients of the Multiple Linear Regression. The overall Model F-Test (F=61.8) significance is p < 0.001 which makes the model significant and points out that at least one covariate has a significant linear relationship with the dependent variable "intrinsic motivation". The R value represents the multiple correlation coefficient which indicates the quality of prediction. With R=0.849, there is a good level of prediction. The adjusted  $R^2$  is a representation of the percentage of variation of the dependent variable explained by the covariant/independent



variable. In this study the adjusted  $R^2 = 0.709$  which means that 70.9% of the variances in intrinsic motivation can be explained by the independent variables.

The researcher found a significant relationship between three of the four independent variables and the dependent variable. Idealized Influence, Inspirational Motivation and Intellectual Stimulation were found significant due to p < 0.05. Individualized Consideration was found not significant because p > 0.05. Specifically, it was found a 0.37% increase ( $\pm$  0.0880 Std. Error) in intrinsic motivation for every 1% increase in Idealized influence, as well as a 0.175% increase ( $\pm$  0.0767 Std. Error) in intrinsic motivation for every 1% increase in Inspirational Motivation and a 0.239% increase ( $\pm$  0.0777 Std. Error) in intrinsic motivation for every 1% increase in Intellectual Stimulation.

Model Fit Measures

				0	verall l	Model '	Test
Model	R	$\mathbb{R}^2$	Adjusted R <sup>2</sup>	F	df1	df2	p
1	0.849	0.720	0.709	61.8	4	96	<.001

Table 13: Model Fit Measure for Intrinsic Motivation

Model Coefficients - Intrinsic Motivation

Predictor	Estimate	SE	t	p	Stand. Estimate
Intercept	0.106	0.2569	0.413	0.680	
TL_Idealized Influence	0.370	0.0880	4.204	< .001	0.340
TL_ Inspirational Motivation	0.175	0.0767	2.287	0.024	0.178
TL_Intellectual Stimulation	0.239	0.0777	3.076	0.003	0.276
TL_Individualized Consideration	0.150	0.0851	1.764	0.081	0.178

Table 14: Linear Regression Model Coefficients for Intrinsic Motivation

#### 5.5.1.1 Assumption check

When validating the Multiple Linear Regression model, several assumptions need to be checked.



The first assumption is the linearity between the independent and depend variable. Figure 7 represent the Q-Q Plot of the relationship between intrinsic motivation and the four independent variables. One can see that the values follow the trait line and are all situated relatively close to each other. Therefore, a linear relationship can be observed.

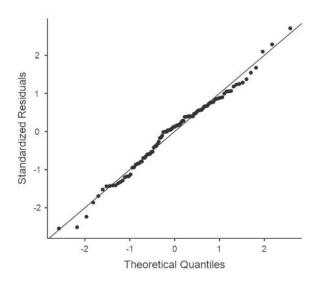


Figure 7: Q-Q plot of Linear Relationship for intrinsic motivation

The second assumption assures that there is no multicollinearity in the data, meaning that the four independent variables cannot be too highly correlated with each other. This can be verified through the Variance Inflation Factor (VIF) which needs to be below 10 in order to be considered not correlated. Table 15 shows the VIF factors, which for all four independent variables are below 10.

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V .()1	ппеа	IIIV	SIA	118	HUS

	VIF	Tolerance
TL_Idealized Influence	2.25	0.445
TL_ Inspirational Motivation	2.09	0.479
TL_Intellectual Stimulation	2.77	0.362
TL_Individualized Consideration	3.50	0.285

Table 15: Collinearity Statistics



The third assumption is the independence of the observations which is measured through the Durbin-Watson test. Table 16 shows that the DW Statistic value is 2 which indicates that there was no autocorrelation found.

Durbin-Watson Test for Autocorrelation

Autocorrelation	DW Statistic	p
-0.0380	2.00	0.996

Table 16: Durbin-Watson Test intrinsic motivation

The fourth assumption is to check homoscedasticity in order to assure that there is no specific distribution pattern in the data. Figure 8 represents a scatterplot showing that the points are equally distributed across the value of the independent variable.

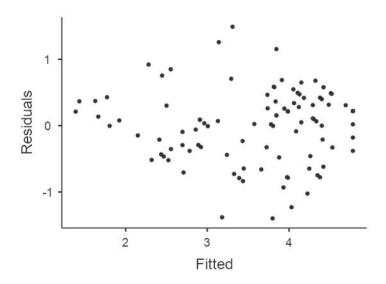


Figure 8: Residual Plot for intrinsic motivation

## 5.5.2 Creativity

The second Multiple Linear Regression model uses creativity as the dependent variable, whereas Idealized Influence, Inspirational Motivation, Intellectual



Stimulation, Individualized Consideration are considered the covariates/independent variables.

Table 17 represents the Model Fit Measures for creativity being the dependent variable and Table 18 showcases the model coefficients. Overall, one can see that the Model F-Test (F=126) significance is p < 0.001 which makes the model significant and points out that at least one covariate has a significant linear relationship with the dependent variable "creativity". The R value, representing the multiple correlation coefficient, is R=0.916 which indicates a good level of prediction. The adjusted  $R^2=0.833$  and represents the percentage of variation of the dependent variable explained by the covariant/independent variable. This means that 88.3% of the variances in intrinsic motivation can be explained by the independent variables.

Similar to the previous Linear Regression model, the researcher found a significant relationship between three of the four independent variables and the dependent variable. Idealized influence, Inspirational Motivation and Intellectual Stimulation were found significant due to p < 0.05. Individualized Consideration p-value is 0.066 which is very close to being significant. However, due to the fact that p > 0.05 the relationship with this independent variable was found not significant. Specifically, it was found a 0.176 % increase ( $\pm$  0.0757 Std. Error) in creativity for every 1% increase in Idealized influence, as well as a 0.412% increase ( $\pm$  0.0660 Std. Error) in creativity for every 1% increase ( $\pm$  0.0668 Std. Error) in creativity for every 1% increase in Inspirational Motivation and a 0.339% increase ( $\pm$  0.0668 Std. Error) in creativity for every 1% increase in Intellectual Stimulation.

#### Model Fit Measures

				C	verall	Model	Test
Model	R	$\mathbb{R}^2$	Adjusted R <sup>2</sup>	F	df1	df2	p
1	0.916	0.840	0.833	126	4	96	<.001

Table 17: Model Fit Measure for Creativity



Model Coefficients - Creativity

Predictor	Estimate	SE	t	p	Stand. Estimate
Intercept	-0.502	0.2208	-2.27	0.025	
TL_Idealized Influence	0.176	0.0757	2.33	0.022	0.143
TL_ Inspirational Motivation	0.412	0.0660	6.24	< .001	0.368
TL_Intellectual Stimulation	0.392	0.0668	5.87	< .001	0.399
TL_Individualized Consideration	0.136	0.0731	1.86	0.066	0.142

Table 18: Linear Regression Model Coefficients for Creativity

# 5.5.2.1 Assumption Check

In order to be validated, several assumptions also need to be checked for the Linear Regression model for creativity.

The first linearity assumption between the independent and dependent variable can be checked through the Q-Q Plot. Figure 9 shows that the values follow the trait line and are all situated relatively close to each other. Therefore a linear relationship can be observed.

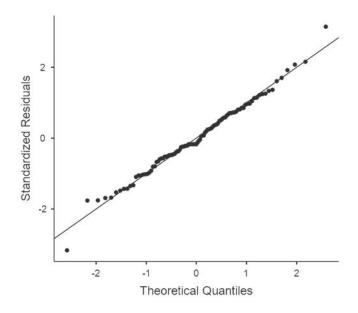


Figure 9: Q-Q Plot Linear Regression for creativity



The second assumption assures that there is no multicollinearity in the data. This can be verified through the Variance Inflation Factor (VIF) which needs to be below 10 in order to be considered not correlated. The same data as from the previous Linear Regression model can be used for the independent variables. Table 15 shows the VIF factors, which for all four independent variables are below 10.

The third assumption of the independence of the observations is measured through the Durbin-Watson test. Table 16 shows that the DW Statistic value is 1.59 which indicates that there is a slightly positive autocorrelation found. This could question the validity of the hypothesis testing for the relationship between creativity and the 4 I's dependent variables.

Durbin-Watson	Test for .	Autocorrelat	ion
Autocorrelat	ion DV	V Statistic	p
0.156		1.59	0.016

Table 19: Durbin-Watson test Creativity

The fourth assumption is to check homoscedasticity in order to assure that there is no specific distribution pattern in the data. Figure 10 represents a scatterplot showing that the points are equally distributed across the value of the independent variable.

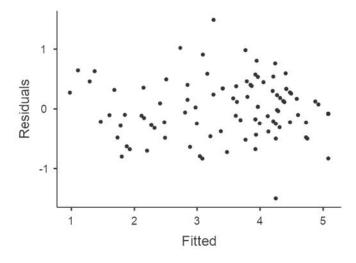


Figure 10: Residual Plot for creativity



# 6 Discussion

After reviewing the findings of the sample and testing the hypotheses, the following section will discuss and evaluate the data collection. In response to a rapid and ever-changing work environment, businesses and firms have noticed a need for change when it comes to their leadership roles. In response to this transition, a noticeable shift away from transactional leadership perspective, which encompasses a task-oriented approach, to a more transformational leadership perspective has occurred (Abbas & Ali, 2021). Transformational leaders focus on bringing change to both followers and an organization as a whole by focusing on their employees' personal needs. (Li et al., 2020). The goal of this research is to investigate if, in light of these changes, transformational leadership subsequently influences the creativity and intrinsic motivation of followers in a positive manner.

The first hypothesis (1a) investigates the relationship between transformational leaders' use of idealized influence as the independent variable, and employees' intrinsic motivation as the dependent variable. The statistical test that was used to measure the correlation between the two variables was the Spearman Correlation test. The test has shown a significant correlation between idealized influence and intrinsic motivation (0.001 <0.05), implying that a higher utilization of idealized influence from a leader will lead to higher intrinsic motivation of the follower. Additionally, the Multiple Linear Regression model indicates that idealized influence can be considered as one of the significant independent variables influencing the dependent variable. This corresponds to the findings of Nazir et al. (2021) which state that a strong and defined sense of purpose promotes the follower's ability to identify with their work, therefore fostering intrinsic motivation. Zdaniuk & Bobocel (2015) identify that the use of idealized influence initiates the sense of collective interest and purpose in the workplace. Hence, the researcher can conclude that leaders that apply the transformational leadership action "idealized influence" have a greater chance of developing intrinsic motivation within their employees.



second hypothesis (1b) investigates the relationship between transformational leaders' use of idealized influence as the independent variable, and employees' creativity as the dependent variable. According to the results of the Spearman Correlation test, there is a correlation between idealized motivation and creativity (0.001 < 0.05), implying that a higher utilization of idealized influence from a leader will lead to higher creativity of the follower. Additionally, the independent variable appears to have a significant impact on creativity in the overall Multiple Linear Regression model. According to the findings of Cheng & Yang (2019), forms of leadership encouragement of creativity include defining the values of the firm, and actively demonstrating the positive values of creativity on innovation and success. Çekmecelio lua & (2016) concluded that out of the four different aspects of transformational leadership (4I's), intellectual stimulation was found to be the most influential dimension in fostering creativity. This observation is interesting because in the primary research Multiple Linear Regression model for creativity, the researcher found that intellectual stimulation was the second least influential factor. However, since the relationship in both statistical tests was found significant, the researcher can conclude that leaders that apply the transformational leadership action "idealized influence" have a greater chance of developing creativity within their employees.

The third hypothesis (2a) investigates the relationship between transformational leaders' use of inspirational motivation as the independent variable, and employees' intrinsic motivation as the dependent variable. The Spearman Correlation test determined a significant correlation between the two variables (0.001 < 0.05), implying that a higher utilization of inspirational motivation from a leader will lead to higher intrinsic motivation of the follower. The Multiple Linear Regression model for the dependent variable intrinsic motivation also determined "inspirational motivation" to be a significant driver for intrinsic motivation. According to Bandura (1977) intrinsic motivation is related to the ability to intrinsically rewarding one-self. This is possible when there is an increase in self-efficacy, or one's belief in themselves to take the



necessary actions to handle a problem or situation efficiently. In order to increase a follower's self-efficacy, the leaders can apply inspirational motivation by exerting dialogue, maintaining transparent guidance and conveying consistent positive energy (Salas-Vallina et al., 2020). The researcher can therefore conclude that leaders that apply the transformational leadership action "inspirational motivation" has a greater chance of developing intrinsic motivation within their employees.

The hypothesis (2b) investigates the relationship between fourth transformational leaders' use of inspirational motivation as the independent variable, and employees' creativity as the dependent variable. The results of the Spearman Correlation test suggest that there is a significant correlation between the variables (0.001 < 0.05), implying that a higher utilization of inspirational motivation from a leader will lead to higher creativity of the follower. The Multiple Linear Regression model for the dependent variable creativity also displayed "inspirational motivation" to be a significant driver for creativity. Creativity is powered by divergent thinking, which is the ability of creating a multitude of original ideas and solutions to a problem through spontaneous flow thinking (Chantal & Markovits, 2022). Similar to intrinsic motivation, exerting dialogue, maintaining transparent guidance and conveying consistent positive energy create the ideal environment for a creative mind to flourish (Salas-Vallina et al., 2020). The researcher can therefore conclude that leaders that apply the transformational leadership action "inspirational motivation" have a greater chance of developing an enhanced creativity level within their employees.

The fifth hypothesis (3a) investigate the relationship between transformational leaders' use of intellectual stimulation as the independent variable, and employees' intrinsic motivation as the dependent variable. The Spearman Correlation test determined a significant positive correlation between the two variables (0.001 < 0.05), implying that a higher utilization of intellectual stimulation from a leader will lead to higher intrinsic motivation of the follower.



The Multiple Linear Regression model for the dependent variable intrinsic motivation also displayed "intellectual stimulation" to be a significant influential factor of the intrinsic motivation of an employee. This affiliation might be explained by the Goal Setting Theory, which has proven to influence an individual's intrinsic motivation (Locke & Latham, 1990). The theory suggests that when individuals are pushed to towards goals that are challenging, specific and stimulating, a higher motivation level and increased work performance can be achieved. According to Bass & Riggio (2006), a transformational leader that intellectually stimulates followers, when they challenge followers', assumptions encourage them to reformulate problems and enable them to find new approaches to old situations. Supported by previous studies, it can be concluded that leaders that apply the transformational leadership action "intellectual stimulation" have a greater chance of developing intrinsic motivation within their employees.

The sixth hypothesis (3b) investigates the relationship between transformational leaders' use of intellectual stimulation as the independent variable, and employees' creativity as the dependent variable. The Spearman Correlation test detects positive and significant correlation between the variables (0.001 < 0.05), implying that a higher utilization of inspirational motivation from a leader will lead to higher creativity of the follower. In the Multiple Linear Regression model for creativity, "intellectual stimulation" is considered the second most significant and influential factor of creativity. This observation can be confirmed by the creative "divergent thinking" process. According to Chantal & Markovits (2022) divergent thinking is the ability of an individual to develop a multitude of original ideas or solutions to a problem through a spontaneous flow of thinking. When divergent thinking is utilized, an individual maintains the ability to create several unique, problem-solving solutions. As mentioned previously, intellectual stimulation does indeed encourage such behaviors. Followers are encouraged to discover unconventional and original solution to a certain problem, without fear of being overly criticized or penalized. It was found that intellectual stimulation at the workplace encourages creative unique



knowledge creation (Rafferty & Griffin, 2004). It is with such knowledge, that the researcher can conclude that followers that are intellectually stimulated by the leader, have increased creativity in the workplace.

The seventh hypothesis (4a) investigates the relationship between transformational leaders' use of individualized consideration as the independent variable, and employees' intrinsic motivation as the dependent variable. Although, the Spearman Correlation test found a significant positive correlation between the two variables (0.001 < 0.05), the Multiple Linear Regression model for intrinsic motivation showed that the influence factor of the variable "individualized consideration" is not significant (0.081 > 0.05) This implies that even though there is a correlation between individualized consideration and intrinsic motivation, its influence in the overall regression model ( $4\Gamma$ s) is not significant enough to make a difference. According to Bass & Riggio (2006), when a leader utilizes individual consideration, he or she may act as a mentor/coach and addresses each follower's needs through undivided attention, listening and caring. When individual consideration is practiced, employees have shown to experience less stress during a period of change or disruption and often manage to overachieve their goals (Martin, 2017). While some studies showed that individualized consideration positively influences intrinsic motivation, it would appear to be the least significant of the 4I's as a factor of transformational leadership. A possible explanation for this lies in the fact that creating autonomy has shown to increase an employee's intrinsic motivation. When employees experience autonomy in the workplace, they feel like they have more ownership over the way they carry out their work (Deci & Ryan, 1985). Therefore, individualized consideration may feel "too much" for certain employees that prefer working alone. Having considered this information, it can be stated that even though the variable individualized consideration is the least influential of the 4I's when targeting intrinsic motivation, there is still a significant correlation between individualized consideration and intrinsic motivation.



eighth hypothesis (4b) investigates the relationship between transformational leaders' use of individual consideration as the independent variable, and employees' creativity as the dependent variable. The Spearman Correlation test detects positive and significant correlation between the variables (0.001 < 0.05), implying that a higher utilization of individual consideration from a leader will lead to higher creativity of the follower. However, in the Multiple Linear Regression model, individualized consideration is not significant enough to make a difference (0.066 > 0.05). Mittone et al. (2022) found that the relationship between individuals and their environment has a direct impact on depth and opportunity for creativity. As mentioned before, individualized consideration emphasizes on addressing the individual needs of every follower (Bass & Riggio, 2006). Çekmecelio lua & Özba (2016) determined that when leaders focus on supporting the individual needs and traits of the followers, along with a trusting and open workplace, they can initiate the creative thinking progress which leads to more unique problemsolving. Similar to intrinsic motivation, it may be possible that certain creative individuals require their autonomy and their own workspace in order to achieve divergent thinking. This would explain why individualized consideration is the least influential and non-significant transformational leadership characteristic for creativity. Having considered this information one can say that even though the variable individualized consideration is the least influential of the 4I's when targeting creativity, there is still a significant correlation between individualized consideration and creativity.

# 7 Conclusion & Recommendation

The purpose of this thesis was to observe and assess a correlation between transformational leadership and intrinsic motivation, as well as transformational leadership and creativity. The research question was: To what extent does transformational leadership encourage intrinsic motivation and creativity in employees? The research was designed and implemented to analyze the



parameters that constitute transformational leadership style and to understand its efficiency on influencing employees' intrinsic motivation and creativity in the workplace. Before conducting primary research, the researcher collected important and necessary literature and previously conducted research in order to obtain a deeper understand of the desired variables. Transformational Leadership was measured through four independent variables that constitute the most prominent and unique characteristics of the leadership style: Idealized Influence, Inspirational Motivation, Intellectual Stimulation, and Individualized Consideration. Combined with two dependent variables: Intrinsic Motivation and Creativity, eight hypotheses were formed for assessment. The primary research was conducted through an online survey that was accessible through a link posted on the platform LinkedIn and received 102 participants. After determining the sample characteristics of the participants, the descriptive data and the reliability of the collected data, hypothesis testing was performed by utilizing a Spearman Correlation test. Additionally, a Multiple Linear Regression analysis was put in place in order to identify the contributions of the independent variables to the change of the dependent variables.

After thoroughly analyzing all the data, the researcher was able to answer the research question. The results have shown that the relationship between Transformational Leadership and Intrinsic Motivation, as well as the relationship between Transformational Leadership and Creativity is positive, linear and significant. More specifically, the statistical tests proved that when a leader uses the four most prominent transformational leadership actions: Idealized Influence, Inspirational Motivation, Intellectual Stimulation, and Individualized Consideration (4I's), an elevated level of intrinsic motivation and creativity can be observed in employees. The implications of this investigation include the inference that when a leader focuses on guiding his followers through aligned objectives and goals, while simultaneously empowering and responding to their personal needs (Bass & Riggio, 2006), followers are more inclined to feel passionately about their work. This passion leads to an increase in intrinsic motivation and a comparable increase in firm



production and development. Likewise, the type of work environment and support from leadership described above can foster divergent thinking within employees, which results in higher levels of creative output (Mittone et al., 2022). The Multiple Linear Regression model, both for intrinsic motivation and creativity, portrayed great contributions from the independent variables (4I's). Only the independent variable "Individualized Consideration" was found non-significant within the model. The reason for this non-significance is thought to be based in the idea that some individuals prefer autonomy and their own workspace in order to produce creative outputs and feel intrinsically motivated. This autonomy is hindered when individualized consideration is implemented.

# 7.1 Managerial Implications

The most crucial finding of this research is that leaders that possess the qualities and characteristics of a transformational leadership style can raise their employees' intrinsic motivation and creativity in a fungible and positive manner. This basis is highlighted by the components of idealized influence and intellectual stimulation, which were found to be the most major influential factors. Considering this, the researcher recommends that leaders who oversee projects driven by innovation, elasticity and a change of environment should consider using transformational leadership in order to enhance and even maximize their employees' potential.

When leaders try to increase their follower's intrinsic motivation, it is recommended to not only focus on primary rewards, such as monetary compensation, but to convey and embody the vision and common goals of the project in order to make the individual task rewarding. Another transformational leadership activity that supports intrinsic motivation is the development of a strong purpose, which narrows the gap between the firm's vision and the individual's desire. Moreover, when intellectual stimulation is offered to employees through the offering of challenging, specific, yet attainable goals, a higher sense of purpose and motivation can be achieved.



When leaders try to increase their follower's creativity, it is recommended to encourage the divergent thinking process as much as possible. This can be achieved through the encouragement by leadership of creativity. Idealized Influence marks the largest difference-maker, as defining the values of the firm and actively demonstrating the positive values of creativity on innovations and success, has shown to encourage creative output. Nevertheless, it is recommended to be attentive to the individual need of the follower in case a particular individual prefers autonomy and independence in order to be creative.

### 7.2 Limitations & Future Research

Although, this thesis presents some new findings, it is faced with limitations that provide pathways for future research. Firstly, while having a wide spectrum of respondents, industries and gender distribution, the majority of the respondents were encapsulated in an age range of 18-30 which may have influenced the outcomes of the study. Younger individuals working in an agile ever-changing work-environment may prefer a different leadership style to the older population. Moreover, the small sample size of only 102 participants, as well as participants only recruited through LinkedIn can create limits to the generalization of the findings. It is also important to note that not every leadership style works efficiently in every industry. More traditional and physical-intensive industries may benefit from transactional leadership more than they might from transformational leadership. Therefore, it is nearly impossible to determine if one leadership style is superior to another.

The intrinsic motivation and creativity of the follower only represents a small aspect of what constitutes an efficient employee. Consequently, this study leaves enough opportunity for further research in the field of transformational leadership. An example of future research benefiting from this study could be the effect of transformational leadership on an organization's innovation through the mediating roles of intrinsic motivation and creativity.



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# **Appendices**

**Appendix 1: Questionnaire** 

# Eleonore Rupprecht Bachelor Thesis Survey

Dear Participants,

prefer not to answer

My name is Eleonore Rupprecht and I am currently writing my Bachelor Thesis at Modul University. My thesis is about the contribution of Transformational Leadership in Developing Intrinsic Motivation and Creativity of Employees.

Transformational leadership encourages individuals to lead with values, cultivate an environment where every employee feels safe and comfortable and create a relationship with each employee. The collected data from following survey will help determine whether transformational leader behaviours have a significant influence on an employees intrinsic motivation and creativity.

All responses are fully anonymous, the gathered data will only be used for my research paper, and will not be shared with a third party.

	I would highly appreciate if you take a few minutes and fill out the following questions.  If you have any questions, feel free to contact me via email: eleonore@rupprecht.wien	
	Thank you for your participation!	
*	Required	
C	Questions about your persona	
1,	What gender do you identify as? *	
	Mark only one oval.	
	Female	
	Male	
	Diverse	
	I prefer not to answer	
2.	What is your age? *	
	Mark only one oval.	
	0-18	
	18-30	
	30-45	
	45+	

3.	Where do you currently live? *
	Mark only one oval.
	North America/Central America
	South America
	Europe
	Africa
	Asia
	Australia
	Other:
124	
4.	Employment Status: Are you currently *
	Mark only one oval.
	Employed for wages
	Self-employed
	Out of work looking for work
	Out of work but not currently looking for work
	Student
	Other:
5.	In which sector do you currently work? *
6.	Does having the guidance of a leader help elevate your work performace? *
	Mark only one oval.
	Yes
	◯ No
	Maybe

	1	2	3	4	5			
Strongly disagree		0				Strongly ag	gree	
estions about yo	our Lea	ders/S	Supervi	iors be	haviou	ır		
My supervisor e	xpress	es his	/her co	nfiden	ce tha	t we will ac	chiev	e our goals
ark only one oval.								
	1	2	3	4	5			
	_					<u> </u>	aroo	
Strongly disagree		0				Strongly aç	gree	
Ny supervisor en	mphasi	izes th	e impo	ortance	e of ha	<u> </u>		e sense of
Ny supervisor en	mphasi	izes th	e impo	ortance 4	e of ha	<u> </u>		e sense of
My supervisor en Mark only one oval.				nw		<u> </u>	ectiv	e sense of
Ny supervisor en lark only one oval.				nw		ving a coll	ectiv	e sense of
Ny supervisor en lark only one oval.	1	2	3	4	5	ving a colle	ectivo	
My supervisor en fark only one oval. Strongly disagree	1 alks to	2	3	4	5	ving a colle	ectivo	

	1	2	3	4	5		
Strongly disagree					0	Strongly agree	ë.
My leader challer	nges m	ne to re	ethink	unansv	vered p	oroblems in the	e work
Mark only one oval.							
	1	2	3	4	5		
	elps me	e look	at a ta	sk fron	n many	Strongly agree	les.
My supervisor he				sk from			les.
Strongly disagree  My supervisor he  Mark only one oval.  Strongly disagree		e look	at a ta	sk fron	n many		les.
My supervisor he						different ang	les.
My supervisor he	1	2	3	4	5	different ang	
My supervisor he	1 elps gr	2	3	4	5	different ang	

	In our profession needs.	nal rela	ationshi	ip, my	super	isor c	onsiders my indivi	dual pe	rsonalit
	Mark only one oval.								
		1	2	3	4	5			
	Strongly disagree						Strongly agree		
ue	estions about you	ur crea	ativity						
	My supervisors l	eader	ship sty	yle mot	tivates	me to	think "outside the	box".	
	Mark only one oval.								
		1	2	3	4	5			
	Strongly disagree	0					Strongly agree		
		eaders	ship sty	yle imp	roves	my abi	Strongly agree	ovel ide	as at my
	My supervisors laplace.	eaders	ship sty	yle imp	oroves 4	my abi		ovel ide	as at my
	My supervisors la place.	eaders						ovel ide	as at my
	My supervisors leplace.  Mark only one oval.  Strongly disagree  My supervisors lework place.	eaders	2	3	4	5	lity to generate no		
	My supervisors leplace.  Mark only one oval.  Strongly disagree	eaders	2	3	4	5	lity to generate no		
	My supervisors leplace.  Mark only one oval.  Strongly disagree  My supervisors lework place.	eaders	2	3	4	5	lity to generate no		

My supervisors le ideas at my work			yle enh	ances	my de	sire to be on	the look-out
Mark only one oval.							
	1	2	3	4	5		
Strongly disagree			0			Strongly agree	) -
estions about you	ur mot	ivation	1				
I enjoy bringing r	new id	eas to	the ta	ble in t	ne wo	k place.	
Mark only one oval.							
	1	2	3	4	5		
							_
Strongly disagree	0					Strongly agree	3
I find great satis Mark only one oval.		n in co	mpleting	ng task	s at m	y work place	
I find great satis							
I find great satis Mark only one oval.	1	2	3	4	5	ly work place. Strongly agree	
I find great satis:  Mark only one oval.  Strongly disagree  In my current wo	1	2	3	4	5	ly work place. Strongly agree	

	1	2	3	4	5		
Strongly disagree						Strongly agree	
						meaning in my work.	
Mark only one oval.							
Mark only one oval.	1	2	3	4	5		

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