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## Linking empowering leader to creativity: the moderating role of psychological (felt) empowerment

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### Abstract

One of the challenges of today's organizations is creating a corporate culture which promotes employee creativity and innovation. For creativity to occur in organizations, leaders have considerable influence over the context within which creativity can occur. Synthesizing theories of leadership, creativity, and psychological (felt) empowerment, this empirical paper investigates (a) whether an empowering leader can encourage creativity; and (b) whether subordinates' psychological (felt) empowerment will moderate the relationship between empowering leadership and creativity. Survey data were collected from 218 employees in technology and service sector and the obtained data from the questionnaires were analyzed through the SPSS 16.0. Analyses results revealed that empowering leadership positively affected employee creativity. In addition, employees' felt empowerment moderated this link. Leaders' empowering behaviors have a stronger impact on perceived creativity when employees feel empowered than when such psychological state of mind is low. Theoretical and cultural implications of the findings were also discussed.

*Keywords:* Empowering leadership, employee creativity, psychological (felt) empowerment

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### 1. Introduction

Considering today's organizations facing a dynamic environment characterized by rapid technological change, shortening product life cycles, and globalization, innovation through creativity becomes an important and essential factor in the success and competitive advantage of organizations. Today, almost all organizations, especially technologically-driven ones, need to be more creative and innovative than before to compete, to increase their market share and to survive (Jung et al., 2003). At the heart of organizational innovation lie creative ideas. Creativity in organisations may be defined as the process by which new ideas that make innovation possible are developed. It is the ability to generate novel and useful ideas and solutions to everyday problems and challenges and employees are the ones who generate, promote, discuss, and realize these ideas. The growing importance of creativity as a driver of innovation and organisational success forces organizations to create a work environment which supports creative and

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innovative thinking. Promoting creativity, however, is a key challenge that organizations are facing. A wide range of factors has been found to stimulate creativity and innovation in organizations.

Among the factors that promote employees' creativity, leadership has been found as being one of the most important factors (Jung, 2001). Leaders are the catalyst that create and manage the environment, work processes, organizational culture, and strategies that stimulate and sustain creativity, innovation, and success in the organization. Leaders can do that in both direct and indirect ways. They do it directly by challenging and freeing employees to produce fresh solutions to problems and energizing followers to work towards the organization's vision rather than closely controlling the work, information, decisions and allocation of resources. Thus, they appeal to followers' higher level needs and the resulting intrinsic motivation felt by the followers is an important source of creativity (Tierney et al., 1999). Indirectly, leaders can create a work environment which encourages idea generation and risk taking. They can establish a work setting where there is supportive and informative evaluation of new ideas as well as recognition and rewarding different approaches (Amabile et al., 1996). Google, Inc., for example, let their employees spend %20 of their time on anything they want and they are totally empowered to do it. They are one of the top companies in technology sector.

Recent research indicates that different forms of leadership are related to employee creativity. For instance, effective leader-member exchange (LMX) relationships and noncontrolling, supportive leadership is positively associated with employee creativity (Scott & Bruce, 1994; Amabile et al., 2004). As some studies have provided support for a positive impact of transformational leadership on employee creativity and innovation (Jung et al., 2003; Shin & Zhou (2003), others have produced contrary results (Jaussi & Dionne, 2003; Kahai, Sosik, & Avolio, 2003).

Despite suggestions by creativity researchers (Mumford, Scott, Gaddis, & Strange, 2002) that more effort should be focused on the role of diverse leadership styles in predicting the underlying nature of creativity, noticeably missing from research attention has been empowering leadership. The type of leadership considered in this study is a set of behaviors that has come to be labeled as "empowering leadership". In fact, there are major reasons - which will be discussed in detail later in the paper - to expect empowering leadership to have a positive impact on creativity (Kirkman & Rosen, 1999; Amabile, et al., 1996; Amabile et al., 2004; Zhang & Bartol, 2010). Empowering leadership has been studied from two perspectives. The first focuses on leader actions, specifically sharing power or giving more responsibility and autonomy to employees (Kirkman & Rosen, 1999). It involves sharing power with a view toward enhancing employees' intrinsic motivation and investment in their work. Empowering leaders who develop their followers' self-efficacy can positively affect their creativity. Employees with enhanced self-efficacy are more likely to be motivated to generate novel ideas and solutions (Tierney et al., 1999). The second perspective, however, focuses on employees' response to empowerment, specifically employees' motivation to empowerment (Conger & Kanungo, 1988; Thomas & Velthouse, 1990; Spreitzer, 1995). Consequently, we next will consider the issue of psychological empowerment. Sharing power with an employee and providing greater decision-making autonomy is supposed to increase employee self-efficacy. Thus, it is reasonable to argue that empowering leadership may influence a follower's perceptions of psychological empowerment. However, not all employees want to be empowered. As Menon argued (2001:158), in order to achieve an adequate understanding of empowerment process, it is important to consider the "perspective of the individual employee". He meant that, for the empowering behavior of a leader to have its intended effect, the focal employee must, in turn, feel psychologically empowered. Accordingly, a case can be made for the moderating role of employees' psychological empowerment in the relationship between empowering leadership and creativity, despite the limited research in this area.

In general, the moderator role of psychological empowerment is a neglected issue. Therefore, a major purpose of this study is to address the connection between empowering leadership and creativity, including psychological empowerment as a moderating variable. In this context, the study begins with a literature review of empowering leadership style, creativity and psychological empowerment, then will go on to development of hypotheses. Research methodology, analyses and results will take place in section three. Discussion, limitations, cultural implications and recommendation will be provided for managers and academicians at the last section.

## 2. Literature Review And Hypotheses

### 2.1. Empowering Leadership and Creativity

Effective leadership plays a key role in the success of organizations and has, therefore, been the subject of extensive research. Yukl (2006:8) defines leadership as “the process of influencing others to understand and agree about what needs to be done and how to do it, and the process of facilitating individual and collective efforts to accomplish shared objectives”. Due to today’s dynamic business environment characterized by competition, rapid technological change and increasing quality demands, classic leadership theories have become inadequate in new settings and the emphasis in leadership has shifted from an emphasis on *control* to leadership *as a source of motivation and employee development* (Yukl, 2002).

Innovation through creativity is an important factor in the success and competitive advantage of today’s organizations which function in a fast-changing dynamic environment. Creativity can be defined as the production of new and useful ideas by an individual or a small group of individuals working together, and innovation is the successful implementation of creative ideas within an organization (Amabile, 1996). Promoting creativity, however, is a key challenge that organizations are facing. A wide range of factors has been found to stimulate creativity at the individual level and innovation at the organizational level. Research and metaanalytic summaries identify such factors on the individual level as employees’ creative thinking capacity, technical knowledge and expertise, personality, motives, and the intellectual capabilities (Özçer, 2005). The group level factors include task structure, task autonomy, and communication types. Organization level determinants to stimulate creativity are such as organizational culture and climate, management support, strategy, a creativity-stimulating work environment, HRM practices, organizational structure, leadership practices and available resources (Mumford et al., 2002; Eren&Gündüz, 2002; Shipton, et al., 2006).

The link between leader behaviors and creativity has been relatively well established in the literature. For example, Hage and Dewar (1973) found positive correlations between democratic, considerate, and participative leader behaviors and employee creativity. Redmond, Mumford, and Teach (1993) found that leader behaviors that contributed to constructive problem solving and feelings of high self-efficacy led to greater subordinate creativity. Scott and Bruce (1994) concluded that the quality of the leader-member exchange relationship between a supervisor and his/her subordinate was related to the employees’ perception of the existence of an innovation-supportive climate and employee innovativeness. Similarly, Amabile et al., (2004) argued that non-controlling and supportive supervisors created a work environment that promoted creativity. Recent years have seen increased attention being given to transformational leadership, creativity and innovation behaviour. Jung et al., (2003) and Shin & Zhou (2003) have concluded that transformational leaders who articulate an appealing vision, show high expectations and confidence in followers’ capabilities, and stimulate their intellect would enhance employee creativity and innovation. Other studies, however, have produced contrary results (Jaussi & Dionne, 2003; Kahai, Sosik, & Avolio, 2003).

Among the diverse leader behaviors, empowering leader behaviors have assumed special importance, consistent with the trend toward providing follower self-management and increased autonomy (Bennis & Townsend, 1997). Empowering leadership refers to the set of leader behaviors that entails sharing power or designates more responsibility and autonomy to his/her subordinates which, in turn, raises the level of subordinates’ intrinsic motivation. Arnold et al. (2000) spoke of empowering leadership that features five dimensions: *coaching, informing, leading by example, showing concern/interacting, and participative decision-making*. According to Ahearne et al.’s (2005) conceptualization, empowering leadership involves *enhancing the meaningfulness of work, fostering participation in decision making, expressing confidence in high performance, and providing autonomy from bureaucratic constraints*. Similarly, Pearce and Sims (2002) stated the representative behaviors of empowering leadership as: *encouraging (a) independent action, (b) opportunity thinking, (c) teamwork, (d) self-development, (f) self-reward, and (f) using participative goal setting*. It can be followed from the conceptualizations that empowering leadership emphasizes the developing subordinate self-management or self-leadership skills.

A growing body of professional literature and academic research has particularly investigated the relationship between empowering leadership and followers' individual-level creativity. For example, Zhang & Bartol (2010) posited three mediating variables with high potential to explain the underlying linkage between empowering leadership and creativity: psychological empowerment, creative process engagement, and intrinsic motivation. In fact, empowering leader behaviors mentioned above are conceptually highly relevant and closely match the determinants of creativity and innovation at the workplace. In other words, it enables a sense of self-efficacy in employees, and the resulting intrinsic motivation felt by the followers is an important source of creativity (Tierney et al., 1999). On the team level, empowering leadership in management teams was also found to be positively related to both knowledge sharing and team efficacy, which, in turn, were both positively related to performance (Srivastava, et al., 2006).

Although empowering leadership seems to be relevant in enhancing followers' creativity, only a few studies investigate this relationship empirically. The present field study proposes a positive relationship between empowering leadership and followers' individual-level creativity primarily due to the creativity-enhancing behaviors displayed by this type of leadership. Considering the creativity-enhancing behaviors of empowering leaders, we hypothesize that

H1: There is a positive relationship between empowering leadership and followers' creativity.

## 2.2. *Psychological Empowerment*

In recent years, organizational researchers and business practitioners have focused considerable interest in the topic of empowerment due to its significant impact on work outcomes such as employee satisfaction, commitment and effectiveness as well as firm performance and reputation (Conger, Kanungo & Menon, 2000; Staw & Epstein, 2000). Today's dynamic environment, increased competition, changes in both employee and customer demographics, and demand for high quality services have been forcing most organizations to adapt new approaches of management, one of which is employee empowerment. In general, empowerment means giving "power" to employees (Koçel, 2010). Academic literature on the definition of empowerment can be classified into three broad categories: (a) the structural approach, (b) the leadership approach, and (c) the motivational approach (Menon, 2001). The structural approach defines empowerment as the transferring of decision-making authority and power of "powerholders" down to the less powerful. With decentralization and increased employee participation, the employee has the authority to do his/her job. This traditional line of empowerment, however, does not address the psychological state of those being empowered. The leadership approach emphasizes the energizing aspect of empowerment. Leaders energize their followers by providing an exciting vision for the future. They inspire and stimulate their followers through intellectually exciting ideas. In the motivational approach built on the work of Conger and Kanungo (1988), empowerment was defined as psychological enabling and as "a process of enhancing feelings of self-efficacy among organizational members through the identification of conditions that foster powerlessness and through their removal by both formal organizational practices and informal techniques of providing efficacy information" (p.474). Thomas and Velthouse (1990) conceptualized psychological empowerment as intrinsic motivation manifested in changes in cognitive variables (called task assessments). Spreitzer (1995) extended this approach and defined empowerment as an experienced psychological state manifested in four cognitions: *meaning*, *competence*, *self-determination*, and *impact*. Specifically, *meaning* concerns with a sense of feeling that one's work goal is personally meaningful and important; *competence* refers to self-efficacy, or belief in one's capacity to successfully perform tasks with skill; *self-determination* indicates perceptions of autonomy in initiating and regulating one's work actions; and *impact* is the extent to which an individual can influence work outcomes. Recent empowerment research has focused on empowerment as a psychological process and we draw on Spreitzer's (1995) multidimensional conceptualization of empowerment in this article.

Conceptually, we can make a case that empowering leaders do empower their followers. First, they do it by enhancing the meaningfulness of work. They provide purpose and meaning to followers' work so that followers can identify themselves as important members of the organization and are motivated to contribute to overall organizational effectiveness. Second, empowering leaders foster opportunities for participation in decision making. By soliciting inputs from followers in problem situations and including them in the decision-making process, they give employees a feeling of greater control over the immediate work situation and an enhanced sense that their own behaviors can make a difference in work results, thus promoting the sense of impact. Third, empowering leaders express confidence

in high performance. By showing confidence in the followers' ability to perform at a high level, by enhancing the skills of the followers and recognizing their accomplishments, they promote the sense of self-efficacy (Ahearne et al., 2005). Consistent with the competence dimension of empowerment, self-efficacy is also likely to lead to more creativity and innovation due to positive expectations of success. Lastly, empowering leaders provide autonomy from bureaucratic constraints. By minimizing administrative details, simplifying organizational rules and procedures and encouraging them to decide how to carry out their jobs, they enhance the sense of autonomy.

We can expect that empowered employees would also be more creative at work. In fact, prior work provides some evidence and logic linking psychological empowerment to employee creativity. Conger and Kanungo (1988) argue that psychological empowerment is important for stimulating and managing creativity and innovation in organizations. Consistent with the *meaning* dimension of empowerment, Redmond et al., (1993) posit that employees with high intrinsic task motivation were more innovative and clear inner meaning would stimulate innovative behaviors (Bass, 1985). Amabile (1988) argues that a high level of self-efficacy - consistent with the *competence* dimension of psychological empowerment - is a prerequisite for challenging the status quo at work and likely to lead to more creativity and innovation due to positive expectations of success. As to the *self-determination* dimension of empowerment, prior research has found that having a sense of control over one's work actions and having freedom to decide what to do and how to do one's work would enhance employees' capacity for creative actions (Amabile, 1988). In addition, consistent with the dimension of *impact*, employees who feel that they can control and influence administrative or operating work outcomes were more likely to be innovative (Bass, 1985).

At the root of the psychological empowerment is the concept of employee-experienced power. In fact, empowerment context and psychological empowerment are conceptually distinct concepts. Based on framework developed by Klein, Conn, Smith, and Sorra (2001), we can distinguish between the two empowerment constructs in terms of referents, content, and focus. Empowerment context is about the referents; it refers to the type of job context managers try to create using managerial empowerment practices - in this study, as assessed by the empowering leader behaviors. On the other hand, psychological empowerment explains the content - it is the perception an employee has about his or her feelings of being empowered in the work role (Spreitzer, 1995; Thomas & Velthouse, 1990). The two constructs are also different in terms of their focus. Empowerment context focuses on the factors of the situation in which people work (as suggested by the structural and leadership approaches), whereas psychological empowerment focuses on a subjective assessment of how people feel as they perform their work (as suggested by the motivational approach). Although these two constructs are conceptually distinct, the logic follows that they are connected to each other. Despite the limited research in this area (Ahearne et al., 2005; Zhang & Sims, 2005), a case can be made that if a manager makes attempts to create a context for empowerment of employees, then employees are likely to feel empowered. In fact, research by Seibert et al. (2004) has demonstrated a significant relationship between empowerment context and psychological empowerment.

However, although we generally expect empowering leadership to positively influence psychological empowerment, there is some evidence that employees differ in the extent to which they welcome and see themselves as psychologically empowered, even in a context of empowering leader behaviors (Ahearne et al., 2005). An employee may differ in the way he or she views himself/herself as a person who feels or wants to be empowered in a particular job. In the case of empowerment, Kirkman and Shapiro (1997) theorized that employees differ in the extent to which they desire self-control or self-management. In other words, although empowering leadership practices may provide employees with feelings of autonomy and control, whether it will result in a sense of self-control and self-efficacy should depend on the individual's preference which should be partly shaped by the individual's personality as well as cultural background. Due to various reasons, some employees may feel uncomfortable with work-related decision making, are unwilling to work autonomously, feel unready to handle new responsibilities and have other reasons for not wanting to take on more empowered roles. In summary, some workers consider empowerment as inconsistent with their desires, expectations and role perceptions. Some other employees, however, who envision empowerment in a positive way are likely to regard it as fitting within their role desire and expectations and to experience greater psychological empowerment in an empowering leadership context. In line with this research, Menon (2001:158) also noted that to achieve an adequate understanding of empowerment processes it is important to consider the "perspective of the individual employee" and pointed out that empowering leadership is unlikely to have

its intended impact unless followers actually experience psychological empowerment. Thus, we suggest that empowering leadership is likely to have a stronger impact on creativity to the extent that an employee feels psychologically empowered. Here, there seems to be a need to empirically test the specific connection between empowering leadership and psychological empowerment.

Accordingly, we introduce a promising moderating variable - psychological (felt) empowerment and hypothesize that:

H2: Psychological (felt) empowerment moderates the relationship between empowering leadership and followers' creativity.

### 3. Methodology

#### 3.1. Sample and Data Collection

To test the proposed hypothesis, a field survey using questionnaires was conducted. Data were gathered from multiple organizations which function in technology and service industries in Istanbul. Participants were contacted through their employing organization, and the questionnaires were mailed to respondents' e-mail addresses through a web survey. Respondents were requested to send the questionnaires back after completion. Participation was voluntary and all participants were assured that their individual responses would be totally confidential. Through convenience sampling, a total of 400 questionnaires were distributed and 218 completed questionnaires were saved in a database with a response rate of 54 per cent.

Of the respondents %63 were male and %37 were female. On the whole, the education level of the participants was high. 5% of respondents were high school graduates while 72% university graduates and 23% with a post-graduate degree. %37 of the respondents had a managerial position. 59% of the respondents were married. Almost half of the participants (%57) have been working for more than 10 years and %70 were aged between 20-40.

#### 3.2. Instruments

The present study relied on self-report and subjective perceptions of the participants. The survey contained scales for each of the variables in our study.

Empowering Leadership: Konczak et al.'s (2000) Leader Empowering Behavior Questionnaire (LEBQ) was used to measure the empowering leader behaviors as perceived by subordinates. The scale consists of 17 items for the six components- *Delegation of Authority*, *Accountability*, *Self-Directed Decision Making*, *Information Sharing*, *Skill Development*, and *Coaching for Innovative Performance*. Examples of items used include: "My manager gives me the authority to make changes necessary to improve things" (delegation of authority), "I am held accountable for performance and results" (accountability), "My manager encourages me to develop my own solutions to problems I encounter in my work" (self-directed decision making), "My manager shares information that I need to ensure high quality results" (information sharing), "My manager provides me with frequent opportunities to develop new skills" (skill development), "I am encouraged to try out new ideas even if there is a chance they may not succeed" (coaching for innovative performance).

Creativity: Employee creativity was measured using a 13-item scale developed by Zhou and George (2001). Employees assessed their own creativity and innovative behaviors. Some of the items include: "I come up with new and practical ideas to improve performance", "I am not afraid to take risks", "I often have new and innovative ideas", "I search out new technologies, processes, techniques, and/or product ideas".

Psychological Empowerment: The psychological empowerment perceptions of employees was assessed by using the Spreitzer's (1995) Psychological Empowerment Scale. The scale consists of 12 items, three items for each of the four components of psychological empowerment: *meaning*, *competence*, *self-determination*, and *impact*. Sample items include: "The work I do is meaningful" (meaning), "I am confident about my ability to do my job" (competence), "I have significant autonomy in determining how I do my job" (self-determination), and "My impact on what happens in my department is large" (impact).

In all scales respondents were asked to indicate the extent of agreement or disagreement with the questions on a six-point scale ranging from (1) strongly disagree to (6) strongly agree.

The translation of the questionnaires from English into Turkish was conducted by the researcher following standard procedures used in intercultural research.

### 3.3. Analyses and Results

Data obtained from 218 questionnaires were analyzed through the SPSS 17.0. In order to ensure construct validity, actor analyses using a principle components solution with varimax rotation was applied to the scales. Table 1 shows the factor analyses results.

Table 1: Factor Analysis Results

	Empowering actions	Accountability	Impact Autonomy	Competence	Meaning
<b>EMPOWERING LEADERSHIP</b>					
My manager provides me with frequent opportunities to develop new skills	,877				
My manager ensures that continuous learning and skill development are priorities in our department	,876				
My manager encourages me to use systematic problem-solving methods (e.g., the seven-step)	,876				
My manager focuses on corrective action rather than placing blame when I make a mistake	,851				
My manager is willing to risk mistakes on my part if, over the long term, I will learn and develop as a result of the experience	,829				
My manager encourages me to develop my own solutions to problems I encounter in my work	,825				
My manager gives me the authority to make changes necessary to improve things	,822				
My manager gives me the authority I need to make decisions that improve work processes and procedures	,809				
My manager relies on me to make my own decisions about issues that affect how work gets done	,801				
My manager shares information that I need to ensure high quality results	,784				
I am encouraged to try out new ideas even if there is a chance they may not succeed	,784				
My manager tries to help me arrive at my own solutions when problems arise, rather than telling me what he/she would do	,761				
My manager provides me with the information I need to meet customers' needs	,660				
My manager delegates authority to me that is equal to the level of responsibility that I am assigned	,633				
My manager holds me accountable for the work I am assigned		,884			
I am held accountable for performance and results		,880			
My manager holds people in the department accountable for customer satisfaction		,745			
<b>PSYCHOLOGICAL EMPOWERMENT</b>					
I have significant influence over what happens in my department		,867			
I have a great deal of control over what happens in my department		,821			
I have considerable opportunity for independence and freedom in how I do my job		,788			
I have significant autonomy in determining how I do my job		,776			
My impact on what happens in my department is large		,736			
I can decide on my own how to go about doing my work		,597			
I am self-assured about my capabilities to perform my work activities				,886	
I am confident about my ability to do my job				,848	
I have mastered the skills necessary for my job				,812	
The work I do is very important to me					,881
My job activities are personally meaningful to me					,673
The work I do is meaningful to me					,666
Total Explained Variance for Empowering Leadership %71,553					
Empowering actions (% Var: 53,454), Accountability (% Var: 18,612)					
Total Explained Variance for Psychological Empowerment % 72,066					
Impact/Autonomy (% Var: 31,629), Competence (% Var: 23,096), Meaning (% Var: 9,771)					

Creativity Scale yielded to one factor solution. We also applied factor analyses to Empowering Leadership and Psychological Empowerment Scales. As can be followed from Table 1, Empowering Leadership Scale yielded to two factors. "Accountability" dimension of empowering leadership emerged as a separate factor. The other dimensions collapsed into one factor which included the empowering actions of leaders and we called this factor "empowering

actions”. The factor analyses applied to Psychological Empowerment Scale extracted three factors instead of the four factors found by Spreitzer. Self-determination and Impact collapsed into one factor which we named “Autonomy&Impact”, “Competence” and “Meaning” formed separate factors.

Mean scores, standard deviations and Cronbach alpha reliability coefficients are presented in Table 2. In general, the bivariate correlations reflect expected relations and provide confidence that the measures functioned properly for the effects tested in this study.

Table 2: Means, Standard Deviations, and Cronbach’s Alpha Reliability Coefficients and Intercorrelations among empowering leadership, creativity and psychological empowerment

Variables	Mean	SD	1	2	3	4	5	6	7	8
1. Empowering Leadership Scale (overall)	4.26	.91	(.95)							
2. Empowering actions	4.16	1.02		(.96)						
3. Accountability	4.75	.82	.57*	.44*	(.82)					
4. Employee creativity	4.61	.81	.65*	.61*	.54*	(.92)				
5. Psychological Empowerment Scale (overall)	4.57	.78	.61*	.59*	.43*	.49*	(.88)			
6. Autonomy&Impact	4.24	1.01	.58*	.58*	.34*	.45*		(.89)		
7. Competence	5.14	.78	.38*	.35*	.40*	.46*			(.90)	
8. Maning	4.63	1.00	.42*	.40*	.33*	.26*				(.72)

\* Significant at  $p < 0.01$ , 2-tailed

Internal consistency alphas are in parenthesis along the diagonal

Mean scores are rather positive: all means are (slightly) above the theoretical midpoint (3.5) of the scales. The Cronbach Alpha values for each scale exceed 0.70, which indicates that all scales are highly reliable “good” measures.

We hypothesized that empowering leader practices (based on subordinate perceptions) would be related positively with creativity (based on employee self-perceptions). The Pearson correlation results of the two constructs shown in Table 2 supports the hypothesized relationship between the two variables ( $r = .65, p < .01$ ), which suggests that subordinates’ perceptions of empowering leadership practices do correlate with employee self-perceptions of creativity. Thus, the data provide support for Hypothesis 1.

Findings also suggest that empowering leaders do empower their subordinates. Empowering leadership practices have low-to-medium positive correlations with the overall psychological empowerment and the three subdimensions- autonomy&impact, competence, and meaning ( $r = .61, r = .58, r = .38$ , and  $r = .42, p < .01$  respectively). Subordinates who work with empowering employees express that they feel psychologically empowered.

In order to further test the main and interactive effects, we conducted hierarchical regression analysis as shown in Table 3. In order to test the moderating effect of psychological empowerment, the independent variables-empowering leadership and psychological empowerment were entered in Step 1. Multiplicative interaction term between empowering leadership and psychological empowerment was added in Step 2. We examined the statistical significance of the change in  $R^2$  when the residualized interaction terms were added to each equation.

Table 3: Results of Hierarchical Moderated Regression Analysis predicting creativity <sup>a</sup>

Variables	Main effects Model	Moderated Model
Step 1		
Empowering leadership	.559**	.517**
Psychological empowerment	.148	.235*
Step 2		
Empowering leadership* Psychological empowerment		.251**
$\Delta R^2$		.06**
Model $R^2$	.43**	.49**
Adjusted $R^2$	.42*	.48*
F=34.385		

<sup>a</sup> Entries are betas, \* $p < .05$ , \*\* $p < .001$

In the main effects model (Step 1), empowering leadership had a significant positive impact on creativity, while the impact of psychological empowerment was not significant. These two independent variables combined account for 43% of the variance in perceived creativity. The addition of an interaction term between empowering leadership and psychological empowerment accounts for an additional 6% of the variance in perceived creativity. Employees' psychological empowerment interacted significantly with empowering leadership to influence employee creativity ( $\beta=.25, p<.001$ ). The  $\beta$  coefficient for this interaction term is significant and positive, which suggests that high levels of empowering leadership coupled with high levels of psychological empowerment lead to high levels of perceived employee creativity.

We further conducted a simple slopes test. Figure 1 shows the moderating role of psychological empowerment on the relationship between empowering leadership and creativity.

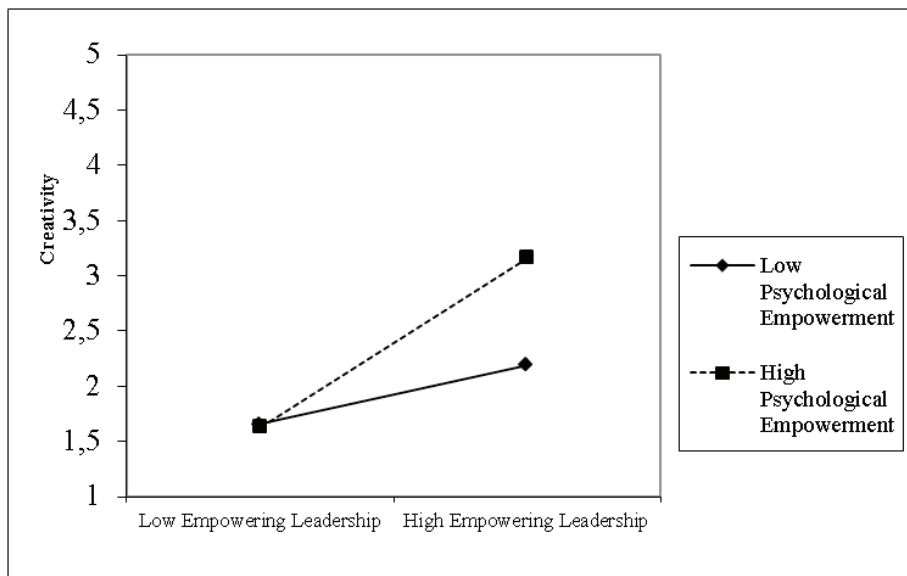


Figure 1: Moderating role of psychological empowerment on the relationship between empowering leader and creativity

The plot, presented in Figure 1, suggests that, although a higher level of empowering leadership is associated with higher creativity, empowering leadership is likely to be even more effective in influencing employee creativity when an employee feels empowered (i.e., has high levels of psychological empowerment). Our further results confirmed that empowering leadership has a stronger positive effect on employee creativity when an employee's felt psychological empowerment is high ( $r=.65, p=.001$ ) than when such empowerment level is low ( $r=.51, p=.001$ ). Thus, the results are in line with our expectation in Hypothesis 2.

#### 4. Conclusion

Creativity is becoming a topic of ever-increasing interest to organizational managers. Thus, there is a need for a greater understanding of the dynamics between the personal and contextual factors responsible for employee creativity and innovation in work settings. In an effort to identify the role of leadership for creativity, we conducted the present study and found out that empowering leadership style positively relates to employee creativity. Our results are in line with the findings of Zhang&Sims (2005) and Zhang&Bartol (2010) pointing to a positive association between empowering leadership and employee creativity. The authors emphasized the mediating role of intrinsic motivation on this relationship. As Amabile (1983) pointed out individuals may have certain traits and abilities that foster creativity, but whether these will actually result in achieving creative results depends on their intrinsic motivation. Empowering

leaders seem to create a sense of self-efficacy in employees, and the resulting intrinsic motivation serves as a crucial psychological mechanism and a source of creativity. This study was conducted in Turkey, a country with collectivist culture and the findings congruent with past research show the external validity of these theories which were developed and tested in Western countries. However, as Menon (2001) noted, the expected benefits of empowering leadership can be realized only if followers actually experience empowerment (they are in the state of psychological empowerment). Considering the high power distance characteristic of Turkish culture, one might conclude that Turkish managers have a high need for power, they might ineffectively delegate and give autonomy to their followers. Turkish subordinates may also be unwilling to assume autonomy and responsibility and instead expect their superiors to have the power. Thus, we proposed employees' psychological (felt) empowerment as a moderating variable. Results of our study support the notion that leaders' empowering behaviors have a stronger impact on perceived creativity when employees feel empowered than when such psychological state of mind is low.

The findings of this study should encourage managers to stimulate their followers' creative performance by showing empowering behaviors. They should also make sure that their employees get involved in activities that they believe to be within their power. A valued cause or meaningful projects along with enhanced feelings of competence, autonomy and impact seem to contribute to employees' creative performance. Thus, empowering leadership and treating empowerment from the perspective of employees should be the subject of management training and development in Turkey to improve the innovation performance of the organizations.

The rather high mean scores (above average) of the constructs in the study may account for the sectors we collected data from. In the technology and service sector, one might expect high levels of empowering leadership behaviors, psychological empowerment and also creative/innovative behaviors. Future research should also be conducted in different sectors such as production, finance, education..etc. In fact, in such a collectivist culture-with high power distance and low tolerance for ambiguity- as Turkey, it is necessary to study empowerment from many perspectives with different research techniques (qualitative, for example) and explore about the problems and readiness levels of Turkish managers, employees and organizations.

Like any study, this one is not without limitations. First, data on the constructs were collected with self-reports from employees. Employees assessed their creative performance themselves. Due to social desirability, this might have led to artificially inflated ratings. Second, the generalizability of our findings is limited by the cross-sectional design and limited data; therefore, our findings should be interpreted with caution.

Though the findings of the present study may provide clues about leadership practices in the work environment where psychologically empowered employees give the best of themselves to be creative, we can conclude that empowerment is a complex process in which employee cognitions, leader behaviors and the work environment interact on each other to give shape to the empowerment phenomenon. In such a context, we should keep in mind that straightforward and easy solutions to boost employee empowerment and creative performance can rather be a "myth".

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