IMPACT OF LEADER CREATIVITY EXPECTATIONS ON EMPLOYEE CREATIVITY: ASSESSING THE MEDIATING AND MODERATING ROLE OF CREATIVE SELF-EFFICACY

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Abstract—This study analyzes the impact of the leader creativity expectations on employee creativity and also investigates whether creative self-efficacy mediates or moderates the positive relationship between leader creativity expectations and employee creativity. A sample of 300 responses is drawn from the employees of the advertising agencies of Karachi (Pakistan) using cross-sectional survey questionnaire administered to them. The findings suggest that leader creativity expectations significantly increase employee creativity and creative self-efficacy partially mediates the positive relationship between leader creativity expectations and employee creativity.

Keywords—Expectations, Creativity, Self-efficacy.

I. INTRODUCTION

In the 21st century, business and commercial organizations are fiercely engaged in competing against each other to either gain or sustain their competitive advantage over their rivals. Both manufacturing and service organizations tend to increase the level of customer satisfaction and earn more profits by providing better products and services to all of its stakeholders. This situation demands for introducing innovations in business processes, technologies, communications, working practices, etc. which are based on creative ideas. Human resources of an organization are mainly considered as one of the prime sources of creative ideas which is largely influenced and triggered by the creativity expectations of their leaders. Creativity refers to the development of useful and novel ideas by an individual or team (Amabile, 1988; Zhou and George, 2001) whereas innovation refers to the premeditated physical implementation of these creative ideas (West and Farr, 1990). Although, previous studies have shed some light on the relationship between leader creativity expectations and employee creativity, a very little is known about the intermediary variables. It therefore, forms the basis of this study in the context of the advertising agencies of Karachi (Pakistan).

II. THEORETICAL BACKGROUND AND HYPOTHESES

2.1 Leader creativity expectations and employee creativity

Previously, it has been argued that leaders play a very important role in shaping one’s behavior at workplace (Gong et al., 2009) therefore, if the expectations of a leader are high with subordinates then these higher expectations usually serve as the antecedents of ‘Pygmalion effect’ causing to shape employee’s behavior. However, it is equally important for the leaders to get their subordinates feel these higher expectations which are usually expected to be translated in the form of better creative performance (Scott and Bruce, 1994). When subordinates receive these higher expectations then they start to believe that the leaders merely not only possess higher expectations but they also hold a firm belief in their capabilities (Tierney and Farmer, 2004). Consequently, this interpretation motivates them to eliminate the fear of challenging the status quo and thus ensure their optimum creativity performance (Gong et al., 2009).

Hypothesis 1: Leader creativity expectations are positively related to employee creativity.

2.2 The mediating and moderating role of creative self-efficacy

Self-efficacy represents a firm belief that the individual is capable enough to organize and execute different courses of actions as per the requirements (Bandura, 1997). Creative self-efficacy refers to the individual’s own perceived ability in producing creative ideas (Carmeli and Schaubroek, 2007; Tierney and Farmer, 2002). It actually represents a sense-making framework (Ford, 1996) which finds its basis in the level of creativity one holds (Tierney and Farmer, 2004) and propagates an organizational culture where one could freely communicate his/her creative ideas (Bush, 2015). Creative self-efficacy mainly targets the individual’s ability to remain creative (Tierney and Farmer, 2002). More specifically, employees with higher creative self-efficacy tend to remain more engaged in creative assignments as they have a strong belief in their probability of success thus the various creative behavioral alternatives make more sense to them (Ford, 1996). Moreover, individuals with high
creative self-efficacy are more prone to take risks hence they possess a strong belief in their competencies due to their successful performance in the past (Shin et al., 2012).

**Hypothesis 2:** Creative self-efficacy mediates the positive relationship between leader creativity expectations and employee creativity.

**Hypothesis 3:** Creative self-efficacy positively moderates the relationship between leader creativity expectations and employee creativity, such that this relationship is stronger when creative self-efficacy is higher.

### III. METHOD

#### 3.1 Sample and Procedures

There are 60 confirmed and 11 provisionally-accredited advertising agencies in Karachi (APNS, 2016). This study is delimited to the confirmed advertising agencies. Purposive sampling method was used to include only those advertising agencies of Karachi which have been operating at least for the last five years and have good fame in the advertising industry as digital agencies, public relations (PR) firms, design studios, or even research firms.

#### 3.2 Measures

##### 3.2.1 Leader Creativity Expectations (Predictor)

We used four items to measure leader creativity expectations adapted from Carmeli and Schaubroeck (2007). They have explained that both leader and employee responses may be used to assess leader’s creativity expectation (Tierney and Farmer, 2011). Responses were made on a five-point Likert-type scale ranging from 1 = ‘not at all’ to 5 = ‘to a large extent’. A sample item was “My supervisor expects me to be creative”. Cronbach’s alpha was 0.97.

##### 3.2.2 Creative self-efficacy (Mediator and Moderator)

We used Carmeli and Schaubroeck (2007) eight-item scale to measure employee creative self-efficacy. In fact, this scale was originally developed by Chen, Gully and Eden (2001) however, it was reworded by Carmeli and Schaubroeck (2007). In fact, we asked employees to assess their own creative work behaviour in different advertising related assignments. One sample item reads “When facing difficult tasks, I am certain that I will accomplish them creatively”. The Cronbach alpha was 0.89. Responses were made on a five-point Likert-type scale ranging from ‘1 = strongly disagree’ to ‘5 = strongly agree’.

##### 3.2.3 Employee Creativity (Outcome)

We used three items from Scott and Bruce (1994) and ten items from Zhou and George (2001) to collectively measure employee creativity. Responses were taken on a scale ranging from 1, ‘not at all characteristic’, to 5, “very characteristic”. A sample item includes “This employee develops adequate plans and schedules for the implementation of new ideas”. The Cronbach alpha was 0.87. With the help of these 13 items, a total of 62 supervisors rated the level of creativity of their 248 subordinates.

### IV. ANALYSIS AND RESULTS

We used Statistical Package for Social Sciences (SPSS) version 22 and SmartPLS version 2 for data analysis. We constructed a measurement (outer) model in SmartPLS to perform a confirmatory factor analysis. Table 2 shows that average variance extracted (AVE) of all of the three constructs is well above the recommended threshold value (0.50). It shows that the convergent validity of the three constructs is established (Hair et al., 2011; Hair et al., 2012). Besides, the composite reliability (CR) and Cronbach alpha are more than 0.70 showing a very high internal consistency of the measuring scales used in this study (Byrne, 2010).

To assess the first hypothesis, we established a direct relationship between leader creativity expectations and employee creativity and we found a statistically significant relationship between the two (0.91; t-statistic = 24.68; p<0.001) hence, hypothesis 1 is supported. Leader creativity expectations explained over 82.1 percent of the total variance alone in predicting employee creativity. Moreover, to test the second hypothesis i.e. creative self-efficacy mediates the positive relationship between leader creativity expectations and employee creativity, we estimated both direct and indirect (mediating) effects. We performed mediation analysis based on the initial guidelines of (Baron and Kenny, 1986) and used 5,000 recommended bootstrap samples (Hair et al., 2011; Hair et al., 2012) to test the statistical significance of the direct and indirect relationships of the three constructs (Preacher and Hayes, 2008). The direct effect of leader creativity expectations on creative self-efficacy is statistically different from zero resulting a significant direct effect (0.61; t-statistic = 6.73; p<0.001; R²=0.37). Similarly, we also found a statistically significant direct effect of creative self-efficacy on employee creativity (0.41; t-statistic = 6.21; p<0.001).

Besides, we also estimated the direct and indirect (mediating) effect of leader creativity expectations on employee creativity and we found that both effects are also significantly different from zero resulting a significant relationship before and after using creative self-efficacy as a mediating variable (0.91; t-statistic = 24.68; p<0.001) and (0.64; t-statistic = 7.95; p<0.001) respectively. The two variables (leader creativity expectations and creative self-efficacy) explained over 90 percent of the total variance in predicting employee creativity. We therefore, conclude that creative self-efficacy partially mediates (Baron and Kenny, 1986) or in other words,
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Complementary mediates (Zhao et al., 2010) the positive relationship between leader creativity expectations and employee creativity hence, hypothesis 2 is also supported.

In addition, to test the third hypothesis i.e. creative self-efficacy moderates the positive relationship between leader creativity expectations and employee creativity, we computed an interaction term (leader creativity expectations x creative self-efficacy) in SmartPLS and estimated the impact of this interaction term on employee creativity in addition to leader creativity expectations and creative self-efficacy (see Figure 2). We found that except creative self-efficacy (0.40; t-statistic = 5.99; p<0.001), both leader creativity expectations and the interaction term are not statistically significant from zero (1.17; t-statistic = 1.69; p>0.05) and (0.54; t-statistic = 0.77; p>0.05) respectively. Therefore, we conclude that creative self-efficacy does not moderate the positive relationship between leader creativity expectations and employee creativity thus, hypothesis 3 is not supported.

V. DISCUSSION

The first objective of this study was to analyze the impact of leader creativity expectations on employee creativity and the second objectives was to investigate whether creative self-efficacy either mediates or moderates the relationship between leader creativity expectations and employee creativity. The results of hypothesis 1 show that leader creativity expectations have significant impact on employee creativity. This finding has been found consistent with previous studies. No doubt, employee creativity serves as an integral part of a business organization in order to gain and sustain competitive advantage. This reflects a strategic intent of the management where the strategic thrust tends to introduce better goods and/or services in the physical marketplace or digital marketplace. Similarly, the advertising companies face considerable amount of challenges due to fierce competition among confirmed and provisionally-accredited advertising agencies in Karachi. If becomes increasingly difficult to perform better than the counterpart if one advertising agency deals in digital agencies, public relations (PR) firms, design studios, or even research firms. It is therefore, essential to recruit incumbents very carefully keeping the view of ‘creativity’ in mind.

In addition, stimulating employee creativity has been a central role of many organizations (Mumford et al., 2002) for which they invest in their people to bring about a sustainable and usable change attitude among creative employees. Knowing the fact that employees need extrinsic motivation from their surroundings, leader creativity expectations tend to serve an important antecedent to increase the motivation of creative employees. Arguably, these expectations may introduce occupational stress for few employees; creative people can be directed through these expectations towards achieving milestones on different and challenging advertising projects. Therefore, based on the discussion above, we recommend that advertising agencies should realistically develop SMART (specific, measureable, attainable, realistic, time bound) targets and then communicate their expectations with concerned employees.

CONCLUSION

Stimulating creativity among employees is increasingly a challenging task for the advertising agencies of Karachi. We found that there is a direct relationship between leader creativity expectations and employee creativity however, it is further found that this positive relationship is partially mediated by the creative self-efficacy of employees. Therefore, enriching self-efficacy among employees would reflect the leader’s beliefs that the employees are capable enough to perform better than the present performance indicators.

REFERENCES

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