

Leadership Style: Analyzing the Influence of Transformational Leadership on Organizational Innovation

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Abstract

Over the course of the last few decades, our understanding of what constitutes effective leadership has evolved to become ever more nuanced and intricate. It has been discovered that organizational innovation is influenced by a wide variety of different elements. It has been established that one of the most important aspects impacting organizational innovation is the leadership style. This study's primary objective is to analyze the relationship between the qualities of transformational leadership and organizational innovation in order to better understand the latter. The research was conducted with 71 participants in Erbil, including those from the top five private businesses in the city. The empirical quantitative approach was utilized by the researchers in order to conduct the analysis for the current study. According to the findings, the characteristic of idealized influence that had the greatest value was equal to 0.737 more than 0.01. This shows that there is a strong and positive link between idealized influence and organizational innovation.

Keywords—Organizational innovation, Transformational Leadership, Inspiration.

I. INTRODUCTION

Due to the increasing levels of competition in the private businesses, as well as the high demand from consumers, limited resources, and limited knowledge, service providers are working hard to improve organizational innovation in their respective domains (Arif & Akram, 2018). Leadership is an essential function that should be fulfilled by each and every manager in the firm. In most cases, managers are under the mistaken impression that, in addition to managing, they are also effectively leading a group of individuals towards a goal or set of goals established by the firm (Chan et al. 2019). However, (Anwar & Shukur, 2015) in everyday life, the role of manager is considered nothing more than a title and not a source of leadership. In order for a manager to be an effective leader (Naguib & Naem, 2018) in the workplace (Ali & Anwar, 2021), they need to have the capacity to effectively and favorably influence their subordinates in order to achieve both their own personal goals and the goals of the organization as a whole (Hameed & Anwar, 2018). In addition, the transformational leadership style may be of assistance to those who wish to develop into outstanding leaders. The concept of transformational leadership refers to a perspective on

leadership that is responsible for bringing about favorable changes in societal structures (Abdullah et al. 2017). The morale, motivation, and performance of those who follow are all improved as a result. This article examines the transformational leadership style by addressing its four defining qualities as well as its connection to organizational innovation. Specifically, the characteristics of transformational leadership are discussed.

The idea of invention remains relevant throughout time (Anwar & Qadir, 2017). Every technical group and organization is curious to learn what factors influence the results they produce (Kittikunchotiwiut, 2019), how and why they succeed or fail, and what factors contribute to those factors. The notion that their findings are in some way connected to organizational innovation has been a consistent source of curiosity and investigation among industry executives and scholars interested in the topic. Despite the fact that a number of alternative definitions of innovation have been presented (Anwar & Shukur, 2015), it is generally accepted that innovation is necessary for the continued existence and expansion of businesses. The following is a summary of the Product Development and Management Association's (Rastgar et al. 2021) definition

of innovation: A novel concept, method, or apparatus. The process of coming up with a brand-new product or method (Anwar, 2016). The act includes both the work that goes into coming up with an idea or concept and the process of coming up with it (Chaubey et al. 2019).

Even though innovation within companies is often recommended as a strategy for enhancing organizational performance, a significant number of companies either do not generate innovation effectively or are unable to do so (do Adro & Leitão, 2020). Researchers have emphasized the need to pay attention to the factors that enable businesses to innovate and the quest for answers "beyond semiautomatic stimulus-response procedures" (Anwar & Ghafoor, 2017). It has been emphasized that one of the most important influences on firm innovation is leadership style (Anwar, 2017). This is due to the fact that leaders have the ability to decide directly whether or not to implement new ideas into a technological organization, as well as to set specific goals and encourage innovation initiatives from their subordinates (Aybar & Marsap, 2018).

In contrast to "conventional" or "transactional" leadership, which has been discussed previously, transformational leadership encourages organizational innovation and provides higher advantages for the performance of a company (Anwar, 2017). It is possible to define transformational leadership as a type of leadership that heightens consciousness among the members of an organization of a collective interest and helps them work toward achieving it. Transformational leadership is also known as servant leadership (Asbari et al. 2020). On the other hand, transactional leadership, on the other hand, is centered on promoting the individual interests of both the leaders and the followers, as well as achieving the satisfaction of contractual obligations on the part of both parties by establishing goals (Anwar, 2016), monitoring and controlling (Anwar, 2017) the results, and ensuring that both parties meet their obligations (Barreto & Hogg, 2018). As a result, leaders must make a personal commitment to transformational leadership and engage in self-reflection about their behavior (Bernerth et al. 2018). How well an organization can promote a certain style of leadership depends a lot on what the managers think about that organization's style of leadership.

The theories of transformational leadership place a strong emphasis on people's feelings and ideals, as well as the significance of leadership that is aimed toward inspiring innovation in workers (Ali & Anwar, 2021). Employees ought to be regarded as the most precious resource that the company possesses (Boamah et al. 2018), a resource for which the company must accept responsibility and whose professional growth the company must encourage (Ali &

Anwar, 2021). A leadership style like this forges emotional bonds with the people it leads and acts to motivate them to cherish greater ideals (Anwar & Climis, 2017). Leadership is what communicates the significance of having a common goal and infuses a sense of purpose, direction, and meaning into the work that followers do. Leadership is what sets the tone (Cai et al. 2017). Leadership that transforms organizations transforms itself into the engine and transmitter of an innovative culture and of technological information that is geared toward achieving the highest possible level of organizational performance (Hansen & Pihl-Thingvad, 2018). The example of transformational leadership that is committed to the organization's goals and that stimulates their internalization in its followers will encourage commitment to results on the part of the organization's members (Anwar & Surarchith, 2015; Ali & Anwar, 2021; Anwar & Louis, 2017). This will be the case because transformational leadership is committed to the organization's goals (Ali & Anwar, 2021).

Although there is evidence to suggest that this kind of transformative leader has a significant impact on innovation, our understanding of the mechanisms by which this leader has such an impact on innovation is still limited and largely theoretical (Huda et al. 2018; Ali & Anwar, 2021).

In addition, there have only been a small number of studies that have been designed with the intention of systematically tracing the chain of events that led from transformational leadership to improved performance. These studies have focused on either the effects of organizational learning (Ali & Anwar, 2021) or the intermediate influence of organizational innovation (Hoch et al. 2018).

Charisma, inspiration, and intellectual stimulation are all characteristics of transformational leaders (Ali & Anwar, 2021). The pride, faith, and respect that leaders want their employees to have in themselves, in their leaders, and in the technological enterprises that they work for are all generated by charisma. The capacity to motivate followers, in large part through the expression of high technological expectations, is what we mean when we talk about inspiration. Intellectual stimulation is any behavior exhibited by a leader that encourages the intelligence, knowledge (Caillier, 2018; Ali & Anwar, 2021), and learning of employees in order to foster an environment in which those employees are able to creatively approach the solving of problems and the development of new solutions.

Organizational learning is a factor that ought to be taken into consideration in the interaction between transformational leadership and organizational innovation (Ali & Anwar, 2021; Chang, 2018; Ali & Anwar, 2021). The acquisition of explicit and tacit information, as well as

the growth or production of skills, insights, and relationships, are all components of organizational learning. Other aspects of organizational learning include knowledge sharing and knowledge usage (Crosby & Bryson, 2018).

This process takes place within a community of interaction, which is where knowledge is formed and expanded in a constant dynamic between the implicit and the explicit (Ali & Anwar, 2021).

It requires changes in both one's cognitive processes and one's behaviors (Faraz et al. 2018).

Previous studies, despite making significant contributions to the understanding of the relationships—between transformational leadership and organizational innovation; between transformational leadership and organizational performance; and between organizational innovation and performance—have not addressed these influences because they are dependent on the level of organizational learning in technological firms. Within the realm of technology, acquiring a deeper understanding of the elements that contribute to the maturation of innovations into marketable products is of the utmost significance (Ali et al. 2021).

It is also important to emphasize the essential role that CEOs play. They play a significant part in informing and shaping these factors by deciding the kinds of conduct that are anticipated and supported in the environment (Ali & Anwar, 2021; Grossman & Sharf, 2018; Ali & Anwar, 2021). In addition, the CEO is ultimately responsible for determining the organization's course of action and plans, as well as for directing the activities that are carried out in order to realize those objectives, despite the fact that the management process may involve a number of different players. Therefore, the perspective of the CEO is extremely important to the company. In order to make sense of the complicated environment that surrounds managers, they frequently simplify the cognitive representations that exist within their own heads. These mental models are utilized by managers. It allows managers to concentrate their attention on particular aspects that they deem essential. On the basis of these characteristics, they make decisions and evaluate things like their organizational learning, innovation, and performance, among other things (Ali & Anwar, 2021; Fletcher et al. 2019).

II. LITERATURE REVIEW

Transformational Leadership

It is possible to define transformational leadership as a style of leadership that raises awareness of collective interest among the members of the organization and assists those members in achieving their collective goals. This type of leadership is known as transformational leadership. In

contrast, transactional leadership focuses on promoting the individual interests of both the leaders and the followers, as well as achieving the satisfaction of contractual obligations on the part of both parties by establishing goals, monitoring and controlling the results, and achieving the satisfaction of contractual obligations (Ali & Anwar, 2021). Both transactional and transformative behaviors are utilized, albeit to varying degrees, by leaders (Glatthorn et al. 2018). The concept of transformational leadership is the primary focus of this inquiry. Theories of transformational leadership place an emphasis on employees' feelings and ideals, as well as the significance of leadership that is aimed toward fostering innovation in workers. Employees are a valuable resource in the company, a resource for which the transformational leader accepts responsibility and for whose professional growth he or she advocates (Ali & Anwar, 2021). The goal of transformational leadership is to forge emotional connections with one's followers and to inspire them to aspire to greater ideals. The importance of having a common mission and infusing the work of the followers with a sense of purpose, direction, and meaning is communicated effectively by this type of leadership (Hashim et al. 2018). The leadership that transforms organizations turns into the engine that drives a creative culture and the knowledge-sharing mechanism that spreads it, all with the goal of achieving the highest possible level of organizational performance. An example of transformational leadership that is devoted to the objectives of the organization and the inculcation of those objectives in its followers aims to inspire the members of the organization to demonstrate a commitment to the outcomes desired by the organization (Ali & Anwar, 2021). Charisma, the ability to inspire others, and the promotion of intellectual stimulation are all traits of transformational leaders (Frieder et al. 2018). Successful leaders want to inspire pride, faith, and respect in their people. They also want to inspire pride in their leaders and their company. Charisma is the key to achieving this goal. Leaders that bring about transformation in their followers inspire others by encouraging their followers, mostly by communicating high expectations to their followers. These types of leaders also encourage intellectual stimulation by fostering the intelligence, knowledge, and learning of their staff members. This paves the way for staff members to take an inventive approach to the problem-solving and solution-finding processes. Several studies examine the impact that transformational leadership has on organizational performance by way of intermediate constructs such as culture (Ali & Anwar, 2021), entrepreneurship (Dewan & Squintani, 2018), knowledge management (Holm & Fairhurst, 2018), congruence in top management teams (Ali et al. 2021), flexibility (Faraz et al. 2018), human capital

enhancing human resource management. On the other hand, our understanding of the mechanisms by which this influence is exercised by the leader is currently quite restricted and largely hypothetical (Ali & Anwar, 2021). This study intends to conduct empirical research into the question of whether or not transformational leadership is responsible for the aforementioned influence on organizational performance and whether or not it does so via the medium of organizational learning and innovation.

The capacity "inside an organization to sustain or improve performance based on experience" is what we mean when we talk about organizational learning. This activity involves knowledge acquisition (the development or creation of skills, insights, and relationships), knowledge sharing (the dissemination to others of what has been acquired by some), and knowledge utilization (the integration of learning in such a way that it is assimilated and widely available and can be generalized to new situations) (Grossman & Sharf, 2018).

The process by which an organization increases the information created by individuals in an orderly manner and transforms this knowledge into part of the organization's knowledge system is referred to as organizational learning. The process is carried out within a community of interaction in which the organization generates knowledge, which grows through an ongoing dynamic between implicit and explicit knowledge (Ali & Anwar, 2021). The acquisition of new skills and information, as well as a growth in the organization's overall capability, are what make organizational learning possible. Cognitive and behavioral shifts are required for organizational learning to occur. Organizational learning is no longer an option, but rather a need in this day and age more than ever before. According to Argyris and Schon (1996) and Senge (1990), the failure of most businesses to learn new things is the primary factor in their demise within the first forty years of operation. Various conceptions of innovation have been put forward in various works of scholarly literature. In this investigation, we make use of the definition of innovation developed by the Product Development and Management Association. According to this definition, innovation can be analyzed as "a new concept, method, or device." The process of coming up with a brand-new product or method. The act encompasses not just the creative process but also the labor necessary to turn an idea or notion into its completed form (Ali & Anwar, 2021). Many businesses either do not or are unable to create innovation in the appropriate manner, despite the fact that research generally prescribes firm innovation as a strategy for boosting organizational performance. Researchers are encouraging businesses to focus on the factors that make innovation possible and to look for answers that go beyond semi-automatic stimuli

response mechanisms (Glatthorn et al. 2018). There is a correlation between organizational learning and innovation, which has been supported by empirical studies (Ali & Anwar, 2021). There is a connection between the many forms of learning and invention. For instance, generative learning is the most advanced form of organizational learning. This type of organizational learning takes place when an organization is willing to question long-held assumptions about its mission, customers, capabilities, and strategy and to generate changes in its practices, strategies, and values. This type of learning provides the foundation for radical innovations in products, processes, and technology (Hashim et al. 2018). The research that has been done on this topic also highlights how vitally important organizational learning and innovation are to the continued existence of a business as well as its efficient operation. Learning within an organization should be a primary focus of any initiative to boost overall organizational performance and bolster a company's position in the market. The accumulation of fresh information, which results from organizational learning, lessens the risk that a company's competences will become out of date. This, in turn, makes it possible for the competencies to continue to be dynamic, which, in turn, promotes progress in performance. Since organizational learning is associated with performance improvements, the term "organizational learning" is typically associated with a positive connotation (Ali & Anwar, 2021). Several authors have also shown that innovation is essential to improving performance and that innovation comes into play in order to improve organizational performance (Frieder et al. 2018). These authors include: Argyris and Schon, In a nutshell, the purpose of this research was to investigate the impact that transformational leadership had on organizational learning and innovation, and it emphasized the significance of producing empirical results that proved the existence of a connection between the two concepts. In addition to this, the model asserts that it can show that there is a positive and significant link between organizational learning and innovation, as well as between these dynamic skills and organizational performance. In contrast to the significance of these themes for technicians and practitioners, relatively little attention is paid to them in practice. The essay is structured in the following manner in order to accomplish the goals: In the section on hypotheses, which is based on previous research, a series of hypotheses are proposed regarding the influence that transformational leadership has on organizational learning and organizational innovation; the influence that organizational learning has on organizational innovation; and the influence that both organizational learning and organizational innovation have on the performance of an organization. According to

Hurduzeu (2015), transformational leaders are those who are able to transform corporate culture by motivating and inspiring a sense of aim and mission concerning the significance of the individual's labor as well as generating new paths of problem solving and thinking. The followers that transformational leaders have inside an organization are inspired to follow them in order to achieve high levels of organizational success and increased work satisfaction. According to Mahdinezhad et al. (2013)'s findings, transformational leaders are responsible for an increase in organizational innovation among their followers. According to (Ali & Anwar, 2021), transformational leadership is the talent and capability to get followers to seek and accept the change, enhancement, and transformation that will lead to improved job satisfaction and organizational outcome. It makes it difficult to evaluate and assess the inspiration of associates, as well as the demands of followers and the value of those followers. According to Hoxha (2015), previous researchers have shown that effective transformational leaders are major contributors to organizational innovation and have a favorable influence on the process. Effective transformational leadership motivates specific actions and attitudes among workers in order to improve organizational outcomes and levels of job satisfaction. This type of leadership is often referred to as "servant leadership." According to Bass (1999), transformational leaders encourage and motivate staff to put in more effort and to do more than what is required by the organization; they are proactive and aid employees in achieving goals that were not originally planned for. Sadeghi and Pihie (2012) say that the four most important parts of transformative leadership are as follows:

- **Idealized Influence:** Idealized influence character states that the leaders who play as model for their followers. Leaders are willing to take risks and have a sense of aim and clear vision. Leaders are models and lead their followers by examples. In this dimension, leaders use their maximum ethical principles and moral towards followers rather than applying their authority and their power in order to lead their followers. Idealized influence is where leader becomes epitome to followers who has ethics and acquires trust and respect from followers.
- **Inspirational Motivation:** this character states that leaders prove sense to various challenges within the organization. These kinds of leaders visibly and effectively share expectations and they exhibit and encourage their followers to reach the highest level of commitment to vision and organizational objective. Transformational leaders act in ways that inspire followers, create interest,

challenge followers, and encourage individuals by giving meaning to individuals' efforts. These leaders highlight clarifying the significance of their outcome and role to followers in the workplace. Inspirational motivation is where leader inspires followers by showing vision and optimistic in nature.

- **Intellectual Stimulation:** this character of leader inspires individuals by demonstrating them with a variety of problem solving abilities. These kinds of Leaders are able to bring new concept and ideas for problem solving and doing things. Leaders with intellectual stimulation character makes individuals to be conscious of their abilities and intellect that they have in challenging and problem solving in the organization. Followers have to be motivated to illustrate their visions, opinions and views towards the workplace and be qualified to view at matters in various ways, thinking before making or taking any decisions. Intellectual stimulation is where leader accepts risks, stimulates assumptions.
- **Individualized Consideration:** this leaders' character refers to a state and circumstance when leaders have an association with each follower, giving extraordinary attention and care to followers in workplace. These kinds of leaders are giving attention and care to the followers' needs and the possible for developing others. These leaders create a sympathetic organizational environment where follower differences are valued. Individualized consideration is where leader becomes mentor and tries to fulfill needs of the followers.

Previous research has found a correlation between leadership and the ability to learn inside an organization (Dewan & Squintani, 2018). The transformational leader builds teams and gives them the ability to adapt to new situations by providing them with direction, enthusiasm, and support for organizational learning and change processes (Arif & Akram, 2018). Learning can take place within an organization as a result of experimentation, exploration, communication, and dialogue while using this technique (Chan et al. 2019).

To be more specific, transformational leadership fosters organizational learning by encouraging intellectual stimulation as well as providing individuals within the organization with inspirational motivation and an increased sense of self-confidence (Anwar & Shukur, 2015). In terms of organizational learning, the transformational leader will serve as a mentor, a facilitator, and a trainer. Additionally, they will act as a catalyst. He or she promotes the use of

common mental models inside technological organizations in order to foster continuous learning, which in turn makes technological advancement and the adoption of new technologies easier (Naguib & Naem, 2018). The development of a deeper consciousness and acceptance of the purpose and mission of the company, as well as the promotion of a shared vision, is one of the outcomes of transformational leadership. This has the additional benefit of reorienting the training and construction of work teams. This style of leadership also enables the leader to openly devote themselves to learning, to become that learning's driving force, and to give whatever is required to overcome internal resistance and external challenges in order to establish learning within the business (Ali & Anwar, 2021). An indirect effect of transformational leadership on organizational learning can be produced through communication (Hameed & Anwar, 2018). This effect is produced as a result of the influence of transformational leadership on communication, which in turn is influenced by the influence of communication on organizational learning. On the basis of these ideas, the capability for transformational leadership is one of the most essential means of fostering organizational learning in organizations (Abdullah et al. 2017).

Organizational Innovation

The literature on strategic management places a particular emphasis on leadership style as an exceptionally significant influence on organizational innovation (Anwar & Qadir, 2017). There is a growing body of evidence that suggests collaborative and participatory leadership styles (also known as transformational styles) are superior to transactional leadership styles in terms of their ability to stimulate innovative thinking inside an organization (Kittikunchotiwut, 2019). The perceptions that managers have about their roles within their respective organizations have a significant impact on the capabilities of that organization to promote such leadership. According to Gumusluoglu and Isev (2009) and Lian Shao (2006), there are a few aspects of transformational leadership that are important for the innovation of businesses. Transformational leaders have an interactive vision; they place a premium on promoting effective communication and sharing ideals (Adair, 1990), as well as encouraging an environment that is conducive to inventive teamwork (Anwar & Shukur, 2015). They facilitate group processes of organizational learning (Rastgar et al. 2021), mutual trust between members of an organization and its leaders (Anwar, 2016), and positive attitudes toward initiative and risk-taking (Chaubey et al. 2019), as well as creative problem-solving (Anwar & Ghafoor, 2017). When taken together, these characteristics make it possible to gain a deeper understanding of the significant connections that

exist between transformational leadership and the aspects that favorably influence organizational innovation (Aybar & Marsap, 2018). In conclusion, transformative leaders exude charisma, inspire others, and encourage intellectual stimulation among their followers. These traits foster communication processes and organizational learning, which in turn makes it possible for firms to be more innovative (Anwar, 2017). Therefore, transformational leadership has an indirect impact on innovation by way of the communication process (do Adro & Leitão, 2020) and the process of the production of organizational knowledge (Anwar, 2017). In addition, transformational leadership has an indirect impact on innovation because of the presence of both communication and organizational learning as strategic elements, as well as the interrelationship between those two aspects (Asbari et al. 2020). In the past 10 years, the field of organizational learning has produced a number of major books that have made significant contributions to the vast and varied body of literature on organizational innovation. A significant portion of this study identifies a favorable connection between organizational learning and organizational innovation (Anwar, 2016). There is a strong link between the various kinds of organizational learning (adaptive and generative, for example) and innovation (incremental and radical, respectively) (Barreto & Hogg, 2018). The more profound an innovation goes, the higher the level of education that must be attained.

Therefore, the degree of critical capacity, skill, and recent and pertinent information that is required increases proportionally with the innovativeness of the products, services, or techniques (Bernerth et al. 2018). The foundation of innovative endeavors is the process of developing organizational knowledge, also known as organizational learning, which generates new information based on previously acquired information. Not knowledge per se, but rather the process of creating new knowledge within an organization, is what helps to strengthen innovation (Anwar, 2017). Also, organizational innovation requires the organization's knowledge base, and organizational learning helps to grow this knowledge base (Ali & Anwar, 2021).

A growing number of companies are conducting research on organizational innovation as a form of organizational learning, or they are applying organizational learning models to particular facets of the organizational innovation process (Boamah et al. 2018). Organizational learning is beneficial to innovation (Ali & Anwar, 2021), inspires new knowledge and ideas (Anwar & Climis, 2017), increases the ability to understand and apply these ideas (Cai et al. 2017), favors organizational intelligence, and (in conjunction with the culture of the organization) forms the background for orientation to organizational innovation. An organization

that places a high priority on learning has a greater capacity for organizational innovation. This is due to the fact that such an organization is less likely to pass up the opportunities presented by growing market demand.

These types of businesses are in a position to foresee and comprehend their customers' requirements, have access to cutting-edge technology that is both more advanced and of higher quality, and are able to innovate with the help of that technology. They are also better able to grasp the strengths and weaknesses of their competitors, allowing them to gain insight from both the triumphs and failures of their competitors and develop a more innovative capability than their rivals (Hansen & Pihl-Thingvad, 2018). These theories have just recently started getting some attention based on empirical evidence. To demonstrate the beneficial link between organizational innovation and a culture that places an emphasis on adaptation, innovation, and learning, (Anwar & Surarchith, 2015) use a sizable department of the United States federal government as their case study. Meeus et al. (2001) analyze a sample of innovators' first ms to show that more complex innovative activities urge firms to coordinate and exchange information between users and producers, which implies strong interactive learning. This is demonstrated through the examination of a sample of innovator fire ms. According to the research that has been conducted on the topic (Ali & Anwar, 2021), organizational learning is essential to the continued existence of a business as well as its successful operation. However, empirical research into this link has been limited due to a number of difficulties. These difficulties include ambiguity; the temporal delay between the two (learning today will affect performance tomorrow); and the likelihood that external factors obscure the results of learning. Empirical research should be conducted to investigate the impact that organizational learning has on the performance of technological companies; yet, there is a paucity of information concerning the mechanisms that translate organizational learning into performance (Huda et al. 2018). It is erroneous to assert that an increase in organizational learning always leads to growth in organizational performance because learning might not always improve an organization's results. It is more accurate to say that an increase in organizational learning always leads to growth in organizational performance (Ali & Anwar, 2021). Nevertheless, learning within an organization has been shown to have a favorable influence on performance enhancements in general. This beneficial influence typically takes place in manufacturing organizations as well as technical companies (Hoch et al. 2018). Companies that exhibit higher levels of organizational learning in all three

dimensions—breadth, depth, and speed—have higher levels of overall performance (Ali & Anwar, 2021). The fundamental objective of organizational learning is to improve performance in terms of both its quality and quantity. This provides the company with the opportunity to raise and improve sales; to achieve greater support; and to develop, keep, and grow its client base. Additionally, businesses that learn and learn fast strengthen their strategic competency, which allows them to maintain a position of competitive advantage and improve their performance. This is made possible by learning. If these ideas, ways of acting, and strategies for organizational learning are used, they will help organizations do better in the long run.

According to a variety of theoretical frameworks, innovation inside organizations is vital to better performance. According to several marketing theorizations, businesses that place a strong emphasis on the rate of their innovations garner a larger portion of the market, which results in more income and increased profitability. It is a central tenet of many strategic theories that businesses that are first to adopt an innovation are best positioned to establish isolation mechanisms. These measures safeguard profit margins and make it possible for the business to acquire significant benefits. This is made possible by the fact that competitors do not have access to information on the innovation. In a similar vein, the theory of resources and capabilities posits that the capabilities, resources, and technologies necessary to adopt an innovation make it more difficult for outside imitators to replicate the innovation. This, in turn, enables businesses to maintain their advantages in the market and achieve higher levels of organizational performance (Caillier, 2018). Therefore, there is a positive link between organizational innovation and organizational performance (Ali & Anwar, 2021), or between different aspects of organizational innovation (such as innovation design, speed, flexibility) and organizational performance.

The literature on innovation also has a variety of empirical studies that provide support for this link, in addition to a variety of publications that use econometric approaches to empirically illustrate the relationship between the two (Chang, 2018). The more useful, difficult to imitate, and uncommon innovations (such as technological ones) there are, the greater the potential for increased performance (Crosby & Bryson, 2018). Organizations that innovate more effectively will receive a more favorable response from their surroundings, making it simpler for those organizations to acquire the competencies necessary to boost their organizational performance and establish a durable competitive advantage (Arif & Akram, 2018).

Conceptual Framework

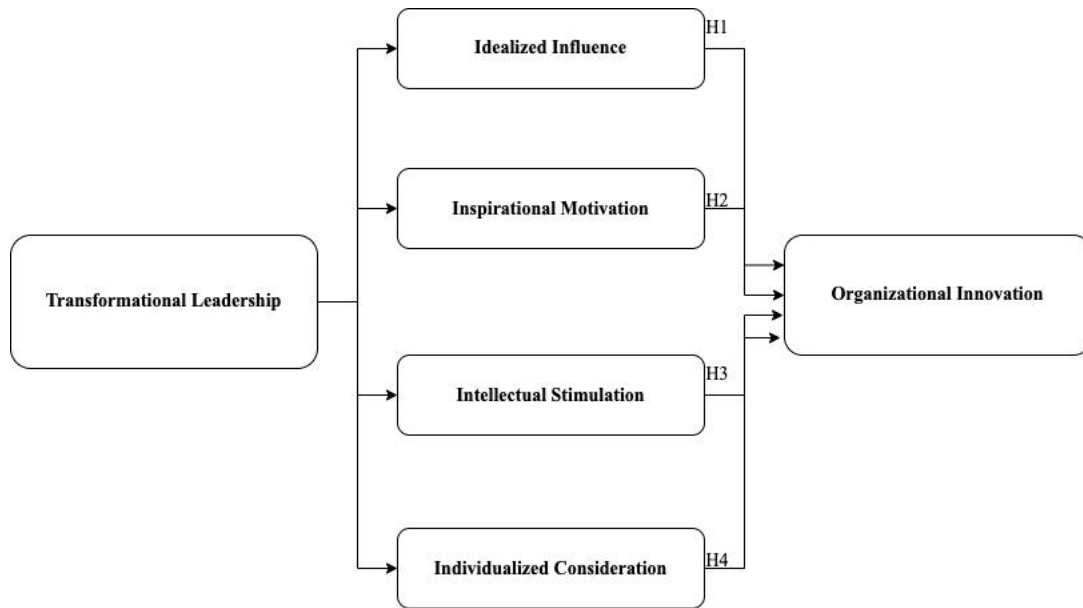


Fig.1-Research Model, created by the researcher 2022

Research Hypotheses

According to the research model, the following research hypotheses have been developed:

H1: There is a positive relationship between leader’s intellectual stimulation and organizational innovation.

H2: There is a positive relationship between leaders’ individualized consideration and organizational innovation.

H3: There is a positive relationship between leader’s idealized influence and organizational innovation.

H4: There is a positive relationship between leader’s inspirational motivation and organizational innovation.

III. RESEARCH METHODOLOGY

Design of the Study

The aim of this study is to examine the relationship between transformational leadership characteristics and organizational innovation. An empirical quantitative method used to analyze the current study. The questionnaire adapted from academic sources, it is divided into two sections, the first section consists of demographic questions; starting with respondent’s age and respondents’ gender. The second part of questionnaire consists of 48 questions, 10 questions are related to intellectual stimulation characteristic, 10 questions are based on individualized consideration characteristic, 9 questions are related to idealized influence characteristic, 9 questions relay on intellectual stimulation characteristic, inspirational

motivation and 10 questions are related to organizational innovation.

Sampling Size and Target Population

A random sampling method is used, where all participants had equal chances of being selected for the sample. The study was carried out at top 5 private businesses in Erbil according to Erbil chamber of commerce and industry. The population of this study was approximately 420 employees, therefore in order to cover the entire research population; 90 questionnaires were distributed in order to cover the entire population and 71 questionnaires were received that were completed properly.

IV. RESULTS AND ANALYSIS

Table 1-Demographic Analysis

Items	Scales	Frequency	Percent
Age	20-29	15	21.1
	30-39	34	47.9
	40-49	18	25.4
	50+	4	5.6
Gender	Male	59	83.1
	Female	12	16.9

Table 1 shows demographic analysis in this way: 21.1% of participants are from 20-29 years old, 47.9% of participants are from 30-39 years old, 25.4% of participants are from 40-

49 years old and 5.6% of participants are from 50 years old and above. 83.1% from all participants are male where 16.9% are female.

Table 2-Reliability Statistics

Cronbach's Alpha	N of Items
.822	48

Table 2 shows the reliability tests for four independent variables (intellectual stimulation, inspirational motivation, idealized influence and individualized consideration) and organizational innovation as dependent variable. Based on the reliability tests, Cronbach's Alpha for 48 items is found as .822 which is greater than 0.6 meaning that 48 items are reliable for this study.

Table 3-Correlations analysis

Correlations					
Factors	Pearson Correlation	Intellectual stimulation	Individualized consideration	Idealized influence	Inspirational motivation
Organizational Innovation	Pearson Correlation	.746**	.734**	.929**	.422**
	Sig.(2-tailed)	.000 71	.000 71	.000 71	.000 71
	N				

Table 3 shows the correlation between independent variables (intellectual stimulation, inspirational motivation, idealized influence and individualized consideration) and organizational innovation as dependent variable. The value of R for between intellectual stimulation and organizational innovation =.746** which indicates that intellectual stimulation is significantly correlated with organizational innovation, the value of R for between individualized consideration and organizational innovation =.734** which

indicates that individualized consideration is significantly correlated with organizational innovation, the value of R for between idealized influence and organizational innovation =.929** which shows that idealized influence is significantly correlated with organizational innovation and the value of R for between inspirational motivation and organizational innovation =.422** which points out that inspirational motivation is weakly correlated with organizational innovation.

Table 4-Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.946 ^a	.895	.889	.10374
a. Predictors: (Constant), inspirational, idealized, individualized, intellectual				

As shown in the Table 4, the value of R square = .895 which indicates that 89% of variables have been explained.

Table 5-ANOVA

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	6.047	4	1.512	140.463	.000 ^b
	Residual	.710	66	.011		
	Total	6.757	70			
a. Dependent Variable: organizational innovation						
b. Predictors: (Constant), inspirational, idealized, individualized, intellectual						

Table 5 shows the value of F for four independent variables and a dependent variable is $140.463 > 1$ which indicates there is a significant relationships between four independent variables and dependent variable.

Table 6-Coefficients

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.167	.191		.875	.385
	Intellectual	.083	.106	.069	.778	.439
	Individualized	.400	.090	.366	4.455	.000
	Idealized	.737	.085	.727	8.687	.000
	Inspirational	-.267	.090	-.237	- 2.962	.004

a. Dependent Variable: Organizational Innovation

Table 6 shows the coefficients analysis for this research. As seen in the above table the value of Beta for intellectual stimulation characteristic = $.083 > 0.01$, which means there is a weak positive relation between intellectual stimulation and organizational innovation, the value Beta for individualized consideration characteristic = $.400 > 0.01$, which means there is a weak positive relation between individualized consideration and organizational innovation, the value Beta for idealized influence characteristic = $.737 > 0.01$, which means there is a strong positive correlation between idealized influence and organizational innovation and the value Beta for inspirational motivation characteristic = $.267 > 0.01$, which means there is no relation between inspirational motivation and organizational innovation.

V. CONCLUSIONS AND IMPLICATIONS FOR FUTURE STUDY

The multiple regression analysis is used to analyze the current study. The authors find out that the highest value among all transformational leaders’ characteristics is idealized influence. In terms of the first characteristics, the results reveal that the value Beta for intellectual stimulation characteristic is $.083$ which is greater than 0.01 , which means there is a weak positive relation between intellectual stimulation and organizational innovation, therefore; the first research hypothesis is weakly supported, the value Beta for individualized consideration characteristic = $.400 > 0.01$, which means there is a weak positive relation between individualized consideration and organizational innovation, therefore; the second research hypothesis is weakly

supported, the value Beta for idealized influence characteristic = $.737 > 0.01$, which means there is a strong positive relation between idealized influence and organizational innovation, accordingly the third research hypothesis is supported, the value Beta for inspirational motivation characteristic = $-.267 > 0.01$, which means there is no relation between inspirational motivation and organizational innovation, therefore the fourth research hypothesis is weakly supported. In conclusion, the outcomes of this study empirically contribute to the transformational leadership style by identifying the extent to which leadership styles affected private businesses’ organizational innovation. This research can be replicated comprising larger sample size which covers the entire private businesses in Erbil.

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