



# **The relationship between Transformational and Participative Leadership Styles and Employee Creativity in Emirati Entrepreneurial Organizations.**

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## **Abstract**

Based on organismic integration theory, this research makes the proposition that transformational leadership and participative leadership have a higher chance social structures that are supported by economic and non-economic rewards make it possible to assign probabilities. This research has used collected data from 260 Emirati enterprises including their professional employees and their supervisors. The result of this study suggests that (1) Although democratic management has a positive impact on the creativity of its followers, transformational leaders have little effect on the creativity of their employees. (2) There are combinations between transformative leaders and economic gains and between participative leadership and non-economical rewards that have a positive effect on employee creative expression, (3) The above said relationship can be facilitated through organizational support. Using these findings as a springboard, researchers can explore new directions in leadership theory.

**Keywords: financial rewards, nonfinancial rewards, psychological empowerment, Transformational leadership.**

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## **1- INTRODUCTION**

Amabile, Shalley, Zhou, & Oldham [1] show that Employee participation appears to be the primary element of organizational innovation capability, described as the development of newer and advantageous theories by a person or a group of people working together. Hirst et. al, Zhou & George[2] admit that Companies are therefore increasingly looking for ways to boost their workers' inventiveness and individuality

Shalley & Gilson [3] say that Supervisors can have a significant impact on the atmosphere in which creativity thrives. i.e., Amabile, et.al, Pieterse, et.al, [4] consider that More than a few research have examined the effects of leadership behavior on creativity Transformative and participative leaders are frequently compared in these studies, which have dominated Western research since Burns' introduction according to [5] Judge and Piccolo, Bass and Riggio,.

Gong, Huang, & Farh [6] said that numerous studies have examined the impact on employee creativity of transformational and participatory leadership styles. Employee creativity and transformational leadership appear to be linked, but the data is contradictory, with some studies finding a positive, but other finding is negative this is according to Basu & Green, 1997 [7] or no association at all. There is also a lack of consistency in the empirical research that connects participative leadership with employee innovation. According to Si and Wei, Feng [8], employees' inventiveness was negatively correlated with participative leadership. Participative leadership, according to "Joung and

Lee [9] 2011 does not directly influence employee creativity. Depending on the circumstances, Wei et al. (2010) and Pieterse et al. [10] found that participative leadership could either stimulate or inhibit individual innovation.

Research that uses a different theoretical framework is needed to further understand the link. Using a contingency viewpoint, it may be possible to identify a moderator variable—on which these interactions depend—to explain the association between transformational and participatory leadership and worker ingenuity. “Ryan & Deci, 2000 [11] found that Social context and extrinsic motivation can both help and impede one's ability to regulate one's own behavior, according to the Theory of biological integration (a sub theory of self-determination theory). That is why it is so important for transformational or participative leadership to be supplemented by multiple levels of independent regulation, which is dependent on employees' perceptions about both leadership and societal-related issues according to “Gagné & Deci [12].

## **2- The literature review**

To better understand how Emirati employees are driven to be creative, we analyzed the effectiveness of transformational and participative leadership by incorporating organizational rewards. “Boxall & Purcell way [13] found that Managerial conduct and/or organizational reward strategies have an enormous impact on an employee's motivation in today's workplaces. These two forces and the interactions between them, allowing human capital to be leveraged in an anticipated also influence employee creativity. Because of this, it is impossible to overlook the influence of leadership on staff performance.

The current study fills a gap in the literature by examining the role of management and organizational compensation methods in promoting employee creativity. This technique adds to the body of knowledge in three ways. Step one is to create a mutually supportive framework for how financial and non-financial incentives can influence the mental effects of the employees, which in turn stimulates innovative behavior. It is impossible to overestimate the importance of effective leadership and the incentives offered by an organization.

As for the advancement and improvement of organismic integration theory, our work does just that. This is the foremost paper to look at the relationship between intrinsic and extrinsic motivation in the context of organizational rewards under transformational and participatory leadership. Self-regulation, a process that promotes creativity by integrating extrinsic and intrinsic motivation, is another topic we cover.

Third, according to “Hofstede [14], the United Arab Emirates is a federal state where cultural norms such as hierarchy and power distance are valued Employees who want to try anything new must first get permission from their manager to do so in such a cultural framework. In a non-Western cultural context, transformational leadership impacts may be diminished whereas participative leadership advantages may be boosted.

## **2.1 Theory and Hypotheses**

### ***2.1.1- Transformational and Participative Leadership and Employee Creativity***

“Amabile & Conti [ 15] found that a worker's ability to generate new ideas is influenced by many different elements, such as the flexibility and autonomy they have within their work environment, as well as their access to resources and even peer pressure. When the environment at work discourages or increases impediments to creativity, innovation suffers [

Leaders in the workplace are said to have a direct impact on creating ripple effects through their ability to provide resources, skills, and incentive to the organization and its individuals that foster innovation according to “Barsade, [16].

“Gong et al., [17] concluded that researchers agree that transformational leadership is a significant leadership style that is linked to high stages of individual inventiveness. Scholars who have studied the unique methods through which transformational leaders drive their teams to innovate within workplaces. according to “Sosik, Kahai, & Avoliohave [18] described transformational frameworks. “Fernandez & Underwood [19] realized that The effectiveness of a leader may be substantially influenced by the atmosphere in which he or she operates

Miles (1998) found that transformational-type leadership inspires outstanding employee actions, including creativity and excellent performance, in a wide range of organizational circumstances. Personality and narcissism make transformational leaders prone to overconfidence in their expertise to sway others according to “de Villiers, Walton [ 20]. Follower creativity may suffer if the influence or control exerted on them is particularly strong. Employees' feeling of security is undermined by transformational leadership's focus on the future rather than the now, and on spirit rather than matter. It is not uncommon for employees of entrepreneurial companies to be managed by transformative leaders in a chaotic, no-rules environment. Putting too much emphasis on the future and the spirit rather than the material can

lead to emotions of insecurity. Innovation is hampered in this type of atmosphere. Additionally, their colleagues. “Brown & Trevino [21] may see social entrepreneurs as appealing and models of appropriate workplace behavior. Because of this, employees may put their faith in a transformative leader. (Basu & Green, Eisenbeis & Boerner [7] concluded that Uncritical acceptance of the leader's beliefs may accompany strong connection to the leader—unconditional cognitive loyalty The bottom line is that people who work for entrepreneurial companies may be less inclined to be creative. The following is our hypothesis:

**Hypothesis 1a:** Employee creativity in Emirati entrepreneurial firms is positively connected with participation in the company's leadership.

An important characteristic of participatory leadership is that it empowers employees to come up with new ideas and solutions, while also providing ample time and space for them to make the best possible decisions according to Lam et al., [22]. (Conger & Kanungo, Thomas & Velthouse [23] showed that Participative leadership has been shown to increase the psychological empowerment of followers which has been shown to favorably influence creativity. As a result, we expect a favorable correlation between team creativity and participative leadership.

. Thus, we have predicted the following hypothesis:

**Hypothesis 1b:** Employee inventiveness in Emirati entrepreneurial businesses is favorably correlated with participation in the leadership of the firm.

### **2.1.2- Psychological Empowerment as a Mediating Factor**

Zhang & Bartol [24] said that multiple researches have shown the importance of employee engagement in their consent to engage in the artistic thinking Employees who feel that their work is significant and essential or that they have some degree of control over what they do and how they do it are more possible to assign more time, effort, and resources to the task at hand. Thus, we came across the following hypothesis:

**Hypothesis 2:** In Emirati entrepreneurial enterprises, psychological empowerment has a favorable impact on staff creativity.

Transformative leaders enhance their supporters' opinions and psyches with intellectual stimulation, as well as acknowledging that they are valuable members of the organization who have a distinct set of values and beliefs. This allows their employees to feel competent and confident in their ability to influence the company. Yet we believe that such motivational factors are hampered by Emirati cultural norms. This kind of management could really demotivate and sabotage the efforts of the employees. “van Knippenberg & Sitkin [ 25] concluded that Transformative leadership, according to Western cultural assumptions, is dependent on empowered employees who are free to engage in alternative thought Emirati workers are known to be highly compliant, deferential to authority figures, and orderly. According to previous studies “Tyler, Lind, & Huo [ 26] When faced with a high level of uncertainty and turmoil, these norms are magnified.

“Huang et al [27] found that in contrast, an Emirati cultural situation, participatory leaders prioritize dialogue rather than command. Subordinates are encouraged to share their ideas and opinions with leaders and other members of the organization by consulting with and involving them in decision-making according to “Busse and Regenberg [27] . Lam et al [22] concluded that employees are encouraged to challenge the status quo and uncover problems by participative leaders.

**Hypothesis 3a:** Emirati entrepreneurial enterprises rely on psychological empowerment as a go-between for transformative leadership and staff innovation.

**Hypothesis 3b:** In Emirati entrepreneurial enterprises, psychological empowerment serves as a mediator between participative leadership and employee innovation.

### **2.1.3- Financial and Nonfinancial Rewards as Moderating Factor**

By encouraging intrinsic motivation such as curiosity, delight, and/or a personal sense of challenge, we can conclude that transformative leadership fulfils its aim. It is possible, though; those such activities are not provoked solely by speech [33](Grant, 2012). Rather to being passive agents, subordinates are aggressive. Because of transformational leadership, motivation derived from within oneself to perform one's duties is less than extrinsic drive when it comes to accomplishing goals outside of the work itself [29](Gagne & Deci, 2005).

Because of its emphasis on group decision-making, participative leadership is sometimes regarded as a cumbersome and cumbersome style of management according to Lythreathis et al [30]. Reiter-Palmon and Illies [31] concluded that

Nevertheless, the procedure makes sure that decisions are in harmony and that staff cooperate with the instructions. It's common for employees to spend more time searching for and storing information and developing creative solutions to work issues when they are involved in the process of decision-making. As a result, we have come up with the following hypotheses:

**Hypothesis 4a:** Transformational leadership and psychological empowerment are favorably interrelated in Emirati commercial enterprises. The stronger the connection between transformative leadership and employee innovation, the higher the number of financial incentives.

**Hypothesis 4b:** Participative leadership and psychological empowerment are more closely linked with Emirati entrepreneurial enterprises where non-financial incentives are more common. Higher the level of non-monetary incentives, the more strongly linked employee innovation and participatory leadership are.

### **2.1.3- The Moderated Mediation Role**

Organizational awards are more likely to have a positive effect on employee creativity, according to Hypothesis 4 and Hypothesis 3. This is because the link between corporate rewards and employee creativity becomes more dependent on psychological empowerment as rewards grow. Figure 1 depicts a moderated mediation model based on Hypotheses 1, 2, and 3 in conjunction. Based on the combined rationales of Hypotheses 1,2 and 3, the following hypotheses are proposed:

**Hypothesis 5a:** Financial incentives in Emirati start-ups have been shown to mitigate the link between transformative leadership and employee creativity, making the negative correlation less pronounced when financial incentives are high compared with low.

**Hypothesis 5b:** The relation between participatory leadership and worker innovation in Emirati entrepreneurial enterprises is favorably moderated by nonfinancial rewards, such that the relationship is positive and stronger when the degree of nonfinancial rewards is high as opposed to low.

## **3- Methodology**

The data were collected from four large-scale enterprises with fewer than five years of entrepreneurial experience in order to make sure that the sample frame comprised exclusively non-Western culture contexts. Located in the cities of Abu Dhabi, Dubai, and Sharjah were two e-finance companies.

We gathered information from a variety of sources according to Podsakoff, MacKenzie, Lee, & Podsakoff [32] The 285 employees and the 120 supervisors who oversaw them each received their own set of questionnaires. In addition to the independent variables, there were also moderating variables, mediating variables, and control variables in the survey. Their direct managers rated employee ingenuity. The privacy of those who answered the survey was protected. For data analysis, 260 staffs and their 113 supervisory evaluations of employee inventiveness were kept (an average of 2.30 subordinates per supervisor).

72.3 percent of those who took part in the study were in lower-level positions, such as telemarketers, marketing specialists, and sales representatives, while quality expert engineers, customer service managers, and sales agents from a real estate firm also took part. Every third firm has been around for 3.5 years. More than two-thirds of the participants (58.1 percent) were men, the majority (64.6 percent) were between the ages of 26 and 35, and the majority (78.9 percent) had some college education.

## **4- Result and discussion**

**Hypothesis 1a:** Employee creativity in Emirati entrepreneurial firms is positively connected with participation in the company's leadership.

Table 1

Correlation analysis between transformational leadership and employee creativity

Correlations		Transformational leadership	Employee Creativity
Transformational leadership	Pearson Correlation	1	.691**
	Sig. (2-tailed)		.000
	N	384	384
Employee Creativity	Pearson Correlation	.691**	1
	Sig. (2-tailed)	.000	
	N	384	384

\*\* . Correlation is significant at the 0.01 level (2-tailed).

At the 5% level of significance ( $p=0.000$ ), there was enough evidence to reject the null hypothesis. A correlation between transformative leadership and employee creativity in Emirati entrepreneurial enterprises was found ( $r=0.691$ ).

**Hypothesis 1b:** Employee inventiveness in Emirati entrepreneurial businesses is favorably correlated with participation in the leadership of the firm.

Table 2

Correlation analysis between participative leadership and employee creativity

Correlations		Participative leadership	Employee Creativity
Participative leadership	Pearson Correlation	1	.594**
	Sig. (2-tailed)		.000
	N	384	384
Employee Creativity	Pearson Correlation	.594**	1
	Sig. (2-tailed)	.000	
	N	384	384

\*\* . Correlation is significant at the 0.01 level (2-tailed).

At a 5% level of significance ( $p=0.000$ ), the evidence was strong enough to rule out the null hypothesis. Employee inventiveness in Emirati entrepreneurial enterprises was found to be favorably linked to participatory leadership ( $r=0.594$ ).

**Hypothesis 2:** In Emirati entrepreneurial enterprises, psychological empowerment has a favorable impact on staff creativity.

Table 3

Correlation analysis between psychological empowerment and employee creativity

Correlations			
		Psychological empowerment	Employee Creativity
Psychological empowerment	Pearson Correlation	1	-.093
	Sig. (2-tailed)		.069
	N	384	384
Employee Creativity	Pearson Correlation	-.093	1
	Sig. (2-tailed)	.069	
	N	384	384

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Analysis showed that the null hypothesis was rejected at the 10% level of significance ( $p=0.069$ ). Emirati entrepreneurial enterprises, however, had a negative impact on employee creativity ( $r=-0.093$ ) due to psychological empowerment ( $p=0.093$ ).

**Hypothesis 3a:** Emirati entrepreneurial enterprises rely on psychological empowerment as a go-between for transformative leadership and staff innovation.

Table 4

Mediating effect of psychological on empowerment and employee creativity

R	R-sq	MSE	F	df1	df2	p
.6989	.4884	.3501	120.9255	3.0000	380.0000	.0000
Model						
	coeff	se	t	p	LLCI	ULCI
constant	2.3702	.9688	2.4465	.0149	.4653	4.2752
Trans	.5633	.2117	2.6607	.0081	.1470	.9796
Psych	-.2520	.3245	-.7765	.4379	-.8900	.3861
Int_1	.0310	.0709	.4371	.6623	-.1084	.1703
Test(s) of highest order unconditional interaction(s):						
	R2-chng	F	df1	df2	p	
X*W	.0003	.1910	1.0000	380.0000	.6623	

Mental empowerment in Emirati entrepreneurial enterprises mediated between transformational leadership and employee creativity, according to the mediating model. The correlation between transformative leadership and employee creativity was shown to be negative ( $\beta=-0.252$ ). This mediating impact was found to be statistically insignificant ( $t=-0.776$ ,  $p=0.438$ ).

**Hypothesis 3b:** In Emirati entrepreneurial enterprises, psychological empowerment serves as a mediator between participative leadership and employee innovation.

Table 5

Mediating effect of financial rewards in Emirati entrepreneurial firms on participative and employee innovation.



	R	R-sq	MSE	F	df1	df2	p
	.5968	.3562	.4406	70.0686	3.0000	380.0000	.0000
Model	coeff	se	t	p	LLCI	ULCI	
constant	2.9907	.3895	7.6784	.0000	2.2249	3.7565	
Part	.4326	.0991	4.3643	.0000	.2377	.6275	
Psych	.0412	.1236	.3337	.7388	-.2017	.2842	
Int_1	-.0249	.0322	-.7747	.4390	-.0882	.0383	
Test(s) of highest order unconditional interaction(s):							
	R2-chng	F	df1	df2	p		
X*W	.0010	.6001	1.0000	380.0000	.4390		

Participatory leadership and employee innovation were found to be linked in Emirati startups through psychological empowerment. A correlation of a positive sign was found between the two variables ( $r=0.0412$ ). Nonetheless, the variable (psychological empowerment) had an insignificant effect on participative leadership and employee creativity ( $t=0.334$ ,  $p=0.734$ ).

**Hypothesis 4a:** Transformational leadership and psychological empowerment are favorably correlated in Emirati entrepreneurial enterprises. The stronger the link between transformative leadership and employee innovation, the higher the amount of financial incentives.

Table 6

*Mediating effect of financial rewards in Emirati entrepreneurial firms on transformational leadership and psychological empowerment*

	R	R-sq	MSE	F	df1	df2	p
	.6959	.4842	.3950	118.9298	3.0000	380.0000	.0000
Model	coeff	se	t	p	LLCI	ULCI	
constant	-.7501	.3863	-1.9415	.0529	-1.5097	.0095	
Psych	1.0531	.1114	9.4563	.0000	.8342	1.2721	
Finan	1.1929	.0934	12.7682	.0000	1.0092	1.3766	
Int_1	-.2344	.0284	-8.2510	.0000	-.2903	-.1786	
Test(s) of highest order unconditional interaction(s):							
	R2-chng	F	df1	df2	p		
X*W	.0924	68.0797	1.0000	380.0000	.0000		

From the analysis, financial rewards in Emirati entrepreneurial firms positively moderate the relationship between transformational leadership and psychological empowerment ( $\beta=1.0531$ ). This implied that the higher level of the financial rewards, the weaker the negative association between transformational leadership and employee creativity. Furthermore, the financial rewards proved statistically significant at 5% level of significance ( $t=12.768$ ,  $p=0.000$ ).

**Hypothesis 4b:** Participative leadership and psychological empowerment are more closely linked with Emirati entrepreneurial enterprises where non-financial incentives are more common. Higher the level of non-monetary incentives, the more strongly linked employee innovation and participatory leadership are.

Table 7

*Mediating effect of non-financial rewards in Emirati entrepreneurial firms on participative leadership and psychological empowerment*

R	R-sq	MSE	F	df1	df2	p
.5901	.3482	1.2119	67.6653	3.0000	380.0000	.0000
<b>Model</b>						
	coeff	se	t	p	LLCI	ULCI
constant	-1.1136	.7014	-1.5878	.1132	-2.4927	.2654
Psych	.7648	.2145	3.5657	.0004	.3431	1.1865
Nonfin	1.4208	.1820	7.8078	.0000	1.0630	1.7786
Int_1	-.2400	.0570	-4.2121	.0000	-.3520	-.1280
<b>Test(s) of highest order unconditional interaction(s):</b>						
	R2-chng	F	df1	df2	p	
X*W	.0304	17.7416	1.0000	380.0000	.0000	

Participative leadership and psychological empowerment are positively correlated with Emirati entrepreneurial enterprises (=1.421), according to the data. The stronger the link between participatory leadership and employee innovation, the higher the degree of non-financial benefits. Statistically, non-financial rewards ( $t=7.808$ ,  $p=0.000$ ) were shown to moderate the relationship between participatory leadership and psychological empowerment ( $t=7.808$ ,  $p=0.000$ ).

**Hypothesis 5a:** Financial incentives in Emirati start-ups have been shown to mitigate the link between transformative leadership and employee creativity, making the negative correlation less pronounced when financial incentives are high compared with low.

*Table 8: Mediating effect of financial rewards in Emirati entrepreneurial firms on participative leadership and psychological empowerment*

R	R-sq	MSE	F	df1	df2	p
.7039	.4955	.3864	124.4118	3.0000	380.0000	.0000
<b>Model</b>						
	coeff	se	t	p	LLCI	ULCI
constant	.9645	.3681	2.6203	.0091	.2408	1.6883
Ecreat	.6580	.0934	7.0448	.0000	.4743	.8416
Finan	.3088	.1644	1.8779	.0612	-.0145	.6321
Int_1	-.0372	.0344	-1.0826	.2797	-.1048	.0304
<b>Test(s) of highest order unconditional interaction(s):</b>						
	R2-chng	F	df1	df2	p	
X*W	.0016	1.1719	1.0000	380.0000	.2797	

Employee creativity was shown to be positively regulated by financial incentives in Emirati entrepreneurial enterprises, with a smaller negative correlation for higher than for lower levels of financial compensation ( $=0.309$ ). At the 10% level of significance ( $t=1.878$ ,  $p=0.061$ ), financial rewards had a statistically significant moderating influence on the connection between transformative leadership and employee creativity.

**Hypothesis 5b:** The link between participatory leadership and employee innovation in Emirati entrepreneurial enterprises is favorably moderated by nonfinancial rewards, such that the relationship is positive and stronger when the degree of nonfinancial rewards is high as opposed to low.

*Table 9: Mediating effect of non-financial rewards in Emirati entrepreneurial firms on participative leadership and employee creativity*



R	R-sq	MSE	F	df1	df2	p
.7346	.5396	.8560	148.4518	3.0000	380.0000	.0000
<b>Model</b>						
	coeff	se	t	p	LLCI	ULCI
constant	3.1324	.8531	3.6720	.0003	1.4551	4.8098
Ecreat	-.2749	.1914	-1.4364	.1517	-.6512	.1014
Nonfin	-.9101	.2529	-3.5989	.0004	-1.4073	-.4129
Int_1	.3105	.0548	5.6672	.0000	.2028	.4183
<b>Test(s) of highest order unconditional interaction(s):</b>						
R2-chng	F	df1	df2	p		
X*W	.0389	32.1175	1.0000	380.0000	.0000	

Employee creativity was found to be inversely correlated with low levels of nonfinancial rewards in Emirati entrepreneurial firms ( $\beta=-0.910$ ), suggesting that nonfinancial rewards in Emirati entrepreneurial enterprises mitigate the link between participatory leadership and employee creativity. There were no significant differences in the association between participatory leadership and employee creativity ( $t=-3.599$ ,  $p=0.000$ ) despite non-financial benefits being shown to moderate this relationship statistically ( $t=-3.599$ ,  $P=0.000$ ).

**Hypothesis 1a:** Employee innovation is inversely correlated with transformational leadership in Emirati enterprises.

It was shown that Emirati entrepreneurial enterprises with transformational leadership had a favorable influence on employee creativity, which contradicts the stated prediction. In addition, the differences in the relationships between the variables were regarded as equally important in terms of the results. Instead of having a positive impact on employee's creativity like Robbins (2003) found [33] transformational leadership in Emirati entrepreneurial enterprises had a detrimental impact. In addition, the results were different from those of Reiter [34] as described by the findings.

**Hypothesis 1b:** Employee inventiveness in Emirati entrepreneurial businesses is favorably correlated with participation in the leadership of the firm. According to the findings, Emirati entrepreneurship enterprises practice participative leadership in line with the theory. Employee innovation in Emirati entrepreneurial enterprises is linked to participative leadership, according to this study. The findings were in line with those of Reiter [34] who found a link between participative leadership and an increase in the inventiveness of workers.

**Hypothesis 2:** Employee inventiveness in Emirati entrepreneurial enterprises is boosted by psychological empowerment. Employee creativity was found to be negatively impacted by Emirati enterprises' psychological empowerment, contrary to the stated prediction. Significant at a level of ten percent, the association has been regarded significant. When compared to Lashinge & Eschamian [30], the study's findings are very similar. Employee creativity and psychological empowerment are intertwined here.

**Hypothesis 3a:** Emirati entrepreneurial enterprises rely on psychological empowerment as a go-between for transformational leadership and staff innovation. Psychological empowerment was not found to be an intermediary between transformational leadership and employee innovation, contrary to the claimed hypothesis Employee creativity and transformative leadership had a negative mediation connection, according to the findings. The data also showed statistical insignificance ( $p > 0.05$ ), which adds weight to the claim that insignificance is present. Judge & Piccolo [35] found that the hypothesized hypothesis was met, which supports the findings of this study. This means that the results were in line with previous research, as the study's findings demonstrate.

**Hypothesis 3b:** In Emirati entrepreneurial enterprises, psychological empowerment acts as a mediator between participative leadership and employee inventiveness. As mentioned, psychological empowerment had a negative mediation influence on the hypothesis's results. But the mediating impact was deemed unimportant by the study ( $p > 0.05$ ), according to the results. According to the results, the findings were similar to [36] Tyler, Lind, & Huo (2000), in which the findings were correlated to the existing literature on the subject.

**Hypothesis 4a:** Transformational leadership and psychological empowerment are favorably correlated in Emirati entrepreneurial enterprises. The negative correlation between transformative leadership and employee creativity is smaller when financial benefits are stronger. It was found that the hypothesis that financial rewards affected the link between transformational leadership and psychological empowerment was correct ( $p > 0.05$ ). Similarly, to Grant [37], the findings here confirmed that the hypothesis was backed up by previous research.

**Hypothesis 4b:** Participative leadership and psychological empowerment are positively moderated by non-financial rewards in Emirati entrepreneurial businesses. The stronger the link between participatory leadership and employee innovation, the higher the degree of non-financial benefits. Non-financial rewards were shown to have a moderately positive association between participatory leadership and psychological empowerment, as shown by the analysis's findings ( $p < 0.05$ ). Gagne & Deci's predictions were correct (2005). Grant [37] found similar results, indicating that non-financial benefits play an important role in the relationship between participatory leadership and employee innovation.

**Hypothesis 5a:** Transformational leadership and employee creativity are positively moderated by financial rewards in Emirati entrepreneurial enterprises. The negative link is smaller when financial rewards are high than when financial rewards are low. When it came to the relationship between the two variables, financial rewards were found to have a positive moderate influence ( $p < 0.01$ ). In a study conducted by Deci & Ryan [38], financial incentives were found to be an important modulator of transformative leadership and workforce innovation.

**Hypothesis 5b:** When nonfinancial rewards in Emirati entrepreneurial enterprises are high, the association between participatory leadership and employee innovation is positive and stronger than when nonfinancial rewards are low. Non-financial awards were found to have a detrimental impact on employee creativity and participative leadership ( $p < 0.05$ ). Instead of a negative moderating effect on participative leadership and employee creativity, Deci & Ryan [38] found that non-financial rewards had a positive moderating effect.

## 5- Conclusion and Recommendations

Is there a relationship between fostering employee innovation under transformational and participative leadership styles? Participative leadership attributes are more important than those of transformational leadership in today's unpredictable business environment, according to recent research. Participative leader behaviors may contribute to more innovation in unpredictable and Confucian culture contexts, where followers rely on their leaders to determine objectives and aspirations.

Financial rewards and transformational leadership appear to be linked, while nonfinancial rewards and participative leadership appear to be unrelated, according to the findings of this study. The best way to encourage employee innovation and creativity is not with a single type of leadership, but rather with a combination of leadership and organizational rewards.

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