Reviewing the Mediating Role of Organizational Learning Capability on the Effect of Transformational Leadership on Entrepreneurial Orientation

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Abstract:  
Leadership plays a significant role in directing the organization, recognizing environmental needs and paving the way for appropriate development. Among the various styles of leadership, one of the most popular for managing change is transformational leadership. The purpose of this paper is to reviewing the literature and the associations among transformational leadership, entrepreneurial orientation, and organizational learning capability.

Keywords:  
Transformational leadership, organizational learning capability, entrepreneurial orientation.

Citation  
Introduction
Over the years, leadership has become increasingly important in organizations. A number of factors require managers to work hard to achieve organizational change, including global competition, improved workforce knowledge and rapid technological development (Graetz, 2000; Yasir et al., 2016). This focuses on building relationships between individuals, leading to remarkable change by asserting values and identifying a shared vision for the organization’s members (Martin, 2015; Obeidat et al., 2016a,b). Transformational leadership affects members’ attitudes and assumptions, creating a common ground for achieving organizational goals, where the organization is seen as a system that is built on knowledge and disseminates information and basic knowledge (García-Morales et al., 2012). Transformational leaders exert a strong influence on employees’ behaviors, including entrepreneurial behaviors (Muceldili et al., 2013), by showing entrepreneurial creativity, instilling enthusiasm, looking for new opportunities, taking risks, identifying a strategic direction and inspiring others (Bremer, 2009).

Entrepreneurial orientation refers to an organization’s ability to undertake innovative, risk taking and proactive actions. Firms are considered entrepreneurial when they create new products, services and innovative strategies, follow market changes and competitors’ actions and seek new opportunities despite the risk (Mahmood and Hanafi, 2013). Firms seek to enhance and develop their entrepreneurial orientation behaviors in order to keep up to date with any changes that occur in their business environment—for example, growing competition and new technological developments that require them to be creative and to develop new strategies that ensure customer satisfaction (Al-Swidi and Al-Hosam, 2012). The primary purpose of this study, then, is to examine the effect of transformational leadership on entrepreneurial orientation and the mediating effect of organizational learning capability.

This paper illustrates the definitions, characteristics and evolution of the study variables based on previous studies which were categorized into sections; the first section represents transformational leadership and its dimensions; idealized influence, inspirational motivation, intellectual stimulation and individualized consideration. The second section represents entrepreneurial orientation and its factors; innovativeness, proactiveness and risk taking. Third section discusses organizational learning capability and its dimensions; managerial commitment, system perspective, openness and experimentation and knowledge transfer and integration. Furthermore, the last section shows the previous studies that examined the effect of transformational leadership on entrepreneurial orientation as well as the effect of organizational learning capability on entrepreneurial orientation.

Literature Review
This section represents the literature review of the study.

Transformational Leadership
Definitions, theories, and perspectives on leadership vary widely, according to the focus of interest. In general, leadership can be said to refer to actions and behaviors that influence and inspire individuals to achieve and attain goals (Arham, 2014). In the last two decades, transformational leadership has attracted much academic interest as a
useful model of leadership that focuses specifically on the individuals involved in the leadership process. For that reason, transformational leadership was identified as an appropriate focus for present purposes (Weiß and Süß, 2016). Transformational leadership began to attract growing research interest in the early 1980 following Burns’s (1978) formulation of the concept of the transformational leader in a political context. Since that time, the concept of transformational leadership has become a key topic in the leadership and management literature (Zhu et al., 2012). Burns defined the transformational leader as one who defines an attainable vision and mission for their followers, motivating and encouraging them to work and behave to achieve goals and objectives on the basis of mutual trust. In 1985, Bass extended Burns’s theory of transactional and transformational leadership by suggesting that leaders can improve an organization’s performance by application of their individual transformational characteristics and skills.

Transformational leadership focuses on spiritual rather than materialistic aspects of motivation as leaders develop their followers’ abilities to achieve the organization’s objectives (Northouse, 2013). In this sense, transformational leadership can be classified as a motivational leadership style, which includes providing a specific organizational vision and positively influencing employees to fulfill this vision by interacting with them, taking their needs into consideration and helping them to utilize their skills in pursuit of organizational goals (Fitzgerald and Schutte, 2010). Transformational leadership can also be understood in terms of the organization’s quest to develop the skills and abilities of its employees, who in turn work hard to achieve goals and help their organization to grow. The methods used to achieve the goals are more important than the goals themselves, as these methods define transformational leadership’s claims to superiority over other leadership styles (Rao, 2014).

Transformational leaders encourage and motivate followers to make decisions and to deal with the problems they encounter by providing both physical and emotional assistance. In particular, they specify goals and a shared vision for followers enhance their skills and capabilities and support them emotionally to strengthen relationships and to make them feel trustworthy (Feinberg et al., 2005, cited in Choi-Sang et al., 2016). Additionally, followers tend to imitate their leaders’ personal values and desirable personality traits, and are likely to incorporate these ethical values in their daily interactions with colleagues (Zhang et al., 2011). Shields (2013) distinguished between transformational and transformative leadership. He declared that transformational leadership focuses on enhancing employees’ commitment to achieving the organization’s goals and has three aspects: identifying goals, developing individuals and restructuring the organization (Hewitt et al., 2014). Bass and Riggio (2006) argued that transformational leaders were a vital organizational asset by virtue of their ability to establish and develop an innovative culture that enables the organization to assimilate change and to enhance performance.

Bass (1985) and Bass and Avolio (2004) defined four dimensions of transformational leadership: idealized influence, inspirational motivation, intellectual stimulation and individualized consideration. These were subsequently summarized and adopted by Bass.
and Riggio (2012), Bell et al., (2016) and Obeidat et al. (2017). Fitzgerald and Schutte (2010) identified six characteristics of transformational leadership: having a clear vision, giving an appropriate model, enhancing understanding of group goals, establishing high performance expectations and offering individual support. Focusing on an employee-centric approach, Hewitt et al. (2014) identified four types of transformational leadership of relevance to professional employees: intellectual stimulation, role modeling, interpersonal consideration and enhancing understanding of group goals. For the purposes of this study, Bass (1985) and Bass and Avolio’s (2004) transformational leadership dimensions—idealized influence, inspirational motivation, intellectual stimulation and individualized consideration—were adopted from Bell et al. (2016).

**Idealized Influence**

Idealized influence, which can also be characterized as charisma, is at the heart of transformational leadership. Transformational leaders encourage and stimulate their followers to give them belief in their ability to achieve goals and to achieve high standards of performance by working hard, in turn helping to build trust and confidence between leaders and employees (Bass and Avolio, 2004). Idealized influence is defined as a leadership style that focuses on ethics and supports sustainable work methods rather than concentrating on short-term benefits in high work load situations (Clarke, 2013).

In order to achieve idealized influence, the transformational leader has to set a good example for those working in the organization, encouraging them to trust the leader as their role model (Martin, 2015). When the leader performs well and works to build their followers’ self-esteem, those followers will feel closer to the leader, which over time helps to instill good ethics, mutual trust and values (Guay, 2013).

In the relationship between followers and leaders, idealized influence (charisma) has two dimensions. First, followers attribute certain qualities to the leader, and second, leaders behave in a way that wins followers’ approbation (Bass and Riggio, 2006). Additionally, leadership can be said to involve idealized influence when followers try to meet their leaders in the middle and to imitate them. In these circumstances, followers tend to build their leader’s personal values and charm or charisma into their own interactions with colleagues (Zhang et al., 2011).

Trust flourishes in an environment where the leader is trusted to take action and deal effectively with situations of all kinds, which helps to build relationships between leaders and followers and among followers themselves (Yukl, 2013). In this way, transformational leaders have the power to affect their employees’ attitudes, behaviors and the effectiveness of their business performance (Muchiri and McMurray, 2015).

**Inspirational Motivation**

Inspirational motivation can be defined as a leadership style that focuses on eagerness and optimism (Bruch and Walter, 2007), involving an attractive vision, reference to symbols to focus effort and demonstration of appropriate actions (Yukl, 2013). It also refers to “the leader’s providing an attractive and motivating vision for the future and defining challenging goals that energize the followers and let them identify themselves with the leader” (Weiß and Süß, 2016, p. 452).
Inspirational motivation is the act of stimulating and inspiring followers by challenging them and providing them with a shared vision. To exploit the benefits of this approach, transformational leaders identify an appealing vision and involve their followers in the process of making it happen (Bass and Avolio, 2004). According to Martin (2015), eagerness, enthusiasm and commitment are the characteristics of leaders who use inspirational motivation. These leaders communicate their vision to others in the organization and convey the strength of their belief that this vision will become reality. To achieve this, the transformational leader usually employs symbols and stories to convey their vision and to motivate their followers. In addition, leaders use inspirational motivation to inspire and motivate employees in ways they never expected, encouraging them to analyze known problems and to think again about their approach and ideas (Mittal and Dhar, 2015).

**Intellectual Stimulation**

Intellectual stimulation can be defined as leaders’ ability to encourage their followers to make decisions on their own and to rethink problem-solving processes in innovative ways (Weiß and Süß, 2016). Leaders can use intellectual stimulation to upgrade their followers’ level of creativity in multiple ways, such as prompting them to restructure known problems and involving them in situations where they must employ new ideas and perspectives to address old challenges (Bass and Riggio, 2012).

Intellectual stimulation can also be defined as the extent to which a leader is willing to take risks, defy assumptions and take account of employees’ points of view (Judge and Piccolo, 2004). By using intellectual stimulation to support their followers’ creativity, transformational leaders can influence employees’ entrepreneurial orientation and behaviors by supporting intellectual processing and inviting reconsideration of standards, beliefs and processes. In this way, such leaders can foster change by motivating their followers to look at old problems from a new perspective (Muchiri and McMurray, 2015).

**Individualized Consideration**

As an aspect of transformational leadership, individualized consideration can be defined as the leader’s ability to address employees at an individual or personal level (Bass and Riggio, 2012), referring to “leaders who consider the needs, abilities, and goals of followers and provide coaching and mentoring” (Guay, 2013, p. 56). Leaders show individualized consideration by letting their followers know that they care about their development at both professional and personal levels and afford them opportunities to talk about their needs and concerns (Clarke, 2013). These leaders devote time to mentoring and offer help and advice by taking account of the differences between employees. In making that effort, they acknowledge and fulfill employees’ needs in ways that help to develop employees’ potential (Muenjohn and Armstrong, 2008).

Martin (2015) demonstrated that in order to exploit the benefits of individualized consideration, transformational leaders should address each person’s goals, desires and needs individually, which ultimately helps them to maximize their potential. In summary, transformational leaders can influence employees’ entrepreneurial orientation and behaviors through mentoring and coaching, addressing members individually, showing
interest in their needs and desires, listening to their problems and accepting individual differences. To that end, these leaders allocate tasks with due regard to individual abilities and characteristics (Walumbwa and Hartnell, 2011). If utilized correctly, transformational leadership can mean that everyone in the organization becomes a leader.

Entrepreneurial Orientation
To comprehend what is meant by entrepreneurial orientation, it is first necessary to understand the concept of entrepreneurship. Even though entrepreneurship term has been used for decades, there remains some disagreement about the definition of entrepreneurship (Williams et al., 2010). Among the many aspects of entrepreneurship, it is most commonly said to involve the creation of innovation, change, employment, value and development as “a process of creating value by bringing together a unique package of resources to exploit an opportunity” (Morris et al. 2008, p. 10).

Entrepreneurial behavior is appropriate to organizations of all types, sizes and ages, as well as to new ventures (Kraus et al., 2011). The many expressions used to refer to the entrepreneurial activities of established and existing organizations include corporate entrepreneurship, entrepreneurial orientation (Lumpkin and Dess, 1996). Miller (1983) was the first to refer to entrepreneurial orientation to connect the different organizational configurations that achieve entrepreneurial behavior (Sirivanh et al., 2014). Miller (1983) defined entrepreneurial orientation as a firm’s ability to create products, services and new ideas; seek new opportunities, influence their environment and pursue new projects despite high levels of risk. According to Lumpkin and Dess (1996), entrepreneurial orientation refers to the decision-making procedures, operations and activities that support and develop firm performance and satisfy the entrepreneur. Franco and Haase (2013) viewed entrepreneurial orientation as a major determinant of an organization’s involvement in entrepreneurial activities. This orientation supports development of business operations by alerting firms to market opportunities, new technologies and trends (Lan and Wu, 2010). The most common definitions of the concept of entrepreneurial orientation are set out in Table 1.

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<th>Author</th>
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<td>Covin and Slevin (1998)</td>
<td>When top managers use the mentioned entrepreneurial styles in formulating rules and strategic resolutions, the firm can be characterized as entrepreneurial. In contrast, non-entrepreneurial firms prefer to avoid risk, neglect creativity and adopt a reactive style.</td>
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<tr>
<td>Dess and Lumpkin (2005)</td>
<td>Entrepreneurial orientation emerges when strategic leaders and the organization’s culture work together to drive innovation and risk taking and seize new opportunities.</td>
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<tr>
<td>Walter et al. (2006)</td>
<td>Entrepreneurial orientation can be defined as the decision-making methods, procedures and actions that enable the organization to enter new or existing markets with new or existing products or services.</td>
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<tr>
<td>Perez-Luno et al. (2011)</td>
<td>Entrepreneurial orientation refers to procedures and behaviors that play a major role in entrepreneurial decisions and actions.</td>
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Job Commitment and its Relation to Organizational Justice: A Theoretical Perspective

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<th>Reference</th>
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<tr>
<td>Mahmood and Hanafi (2013)</td>
<td>Entrepreneurial orientation is an organization-level concept referring to those actions that can be described as innovative, risk taking and proactive.</td>
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<tr>
<td>Wang et al. (2015)</td>
<td>Entrepreneurial orientation is the process of generating new business practices to dismantle old ones, so creating new and risky business methods that will help to sustain the company's economic performance.</td>
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<tr>
<td>Kantur (2016)</td>
<td>Entrepreneurial orientation can be defined as the behaviors, processes and actions that help a firm to enter a new market, including innovativeness and risk taking and a willingness to compete aggressively.</td>
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As an important element in business success, entrepreneurial orientation is linked to factors in both the internal and external environment. Internal environmental factors in entrepreneurial management include strategic orientation, resource orientation, management structure and entrepreneurial culture (Islam et al., 2011). Two theoretical approaches in particular emphasize the role of entrepreneurial orientation. The first of these is the resource-based view (RBV), which conceives of entrepreneurial orientation as an intangible resource that plays an important role in seizing new business opportunities and as incorporated in organizational procedures in ways that make it difficult for competitors to imitate (Lonial and Carter, 2015). The second theoretical approach of relevance here is the dynamic capability perspective, which describes how organizations become aware of new opportunities as these emerge, how they take advantage of those opportunities and how they reconfigure their tangible capabilities to maintain competitive advantage (Teece, 2007; Gnizy et al., 2014).

Entrepreneurial orientation can be defined as a multidimensional construct used at organizational or entrepreneur's level, although there is ongoing academic debate about the precise nature of those dimensions. Miller (1983) stated that the three dimensions of innovativeness, proactiveness and risk taking are the key aspects of entrepreneurship orientation, and this view is shared by many researchers (Covin and Slevin, 1989; Kreiser et al., 2013; Ejdys, 2016; Fellnhofer et al., 2016). To these, Lumpkin and Dess (1996) added two further dimensions to the construct: autonomy and competitive aggressiveness (see also Dess and Lumpkin, 2005; Maura et al., 2015). For present purposes, this study adopts Miller’s (1983) dimensions of entrepreneurial orientation (innovativeness, proactiveness and risk taking) as revised by Covin and Slevin (1989).

**Innovativeness**

Innovation means being the first to bring new ideas, processes, products and services to the market (Kraus et al., 2012). Business innovation can be said to fall into two categories: marketplace innovation and technological innovation (Lumpkin and Dess, 1996), involving a readiness to try out new and original ideas and to support creativity. Innovativeness is at the heart of entrepreneurship, encompassing the creation of new
products, processes, procedures and technologies (Kraus et al., 2012) and “the willingness to engage in creativity and experimentation through the introduction of new products/services as well as technological leadership via research and development in new processes” (Rauch et al. 2009, p. 763). According to Chadwick et al. (2008), innovativeness means developing the company’s current technologies and moving beyond its current situation. Mbizi et al. (2013) stated that the creativity of an organization and its members is the key to innovativeness, enabling them to take advantage of that creativity to overcome the problems they encounter when developing services and products.

The key to innovativeness is supporting creativity in product development, use of technology and intra-organizational procedures. Another key aspect is the ability to anticipate future changes and to react in appropriate ways; for example, by introducing new services and products or using new methods (Li et al., 2010). An organization’s level of innovativeness depends on its ability and capacity to apply new ideas, actions and market intelligence, as well as on an innovative culture that can respond to creative ideas (Skerlavaj et al., 2010).

**Proactiveness**

Proactiveness means looking for available opportunities and predicting future trends. This is likely to involve creating something new that shapes the environment, including new products and services that are still in the making and actions based on future demand (Hughes and Morgan, 2007). Proactiveness can also be defined as a firm’s ability to identify future market opportunities and to be the first mover in exploiting these opportunities by launching new products ahead of their competitors (Dess and Lumpkin, 2005). Maura et al. (2015) demonstrated that, as a key element of entrepreneurship, proactiveness depends on supporting creativity and taking advantage of opportunities to shape the environment, create new trends and perhaps even create demand.

By being proactive, a firm can predict future changes in the market and respond as first mover rather than waiting for changes to happen and then reacting to them (Rauch et al., 2009). By seizing and exploiting market opportunities in this way, a proactive firm can change the environment and affect demand, improving its overall performance relative to its competitors and making it a potential market leader (Hughes and Morgan, 2007).

**Risk Taking**

Risk taking refers to a company’s willingness to deploy its resources in large projects that may produce great benefits but may also be at high risk of failure (Mahmood and Hanafi, 2013). Risk taking can also be defined as an organization’s willingness to seize new opportunities despite any potential associated risk (Deakins and Freel, 2012). This means undertaking new projects that require higher levels of resources, regardless of the high potential for error, cost and uncertain results (Hughes and Morgan, 2007). Lumpkin and Dess (1996) referred to three types of risk associated with entrepreneurial activities. The first of these is business risk, which is defined as an organization’s readiness to seize unknown opportunities, enter new markets or adopt new technologies. Financial risk arises in situations where a firm uses a lot of its resources or borrows in order to grow. Finally, personal risk arises when managers favor strategic actions involving high risk.
In general, risk taking behavior means that a firm takes business-related risks in deciding on strategic actions in the face of uncertainty. Entrepreneurial firms tend to tolerate risks that pave the way for new opportunities (Hosseini and Eskandari, 2013). Typically, organizations that adopt an entrepreneurial orientation are characterized by a willingness to take risks in their actions and strategies. Risk taking shows the extent to which they are willing to enter untested markets or depart from the conventional track (Wang et al., 2015).

Organizational Learning Capability

In order to understand the concept of organizational learning capability, it is first important to clarify what is meant by organizational learning. The main role of organizational learning is in helping the organization to adapt to changes in its environment by developing and creating new practices and skills that respond to those changes (Berghman et al., 2013). Organizational learning is a dynamic process that allows organizations to adapt rapidly to changes, leading to new behaviors and skills. It is considered the primary method of managing knowledge and enhancing the organization's efficiency (Zhang et al., 2011 cited in Alsabbagh and Alkhalil, 2016). According to Haase et al. (2015), organizational learning enables organizations to enhance and develop their behaviors, to adjust their values in line with change and to make decisions about various problems. This group of actions and behaviors consists of knowledge acquisition and distribution of information that potentially enhances the culture of the organization (Salarian et al., 2015). Organizational learning has four dimensions: organizational culture, organizational structure, knowledge sharing and leadership (Haase et al., 2015).

The term capability refers to resources and abilities. According to Alikhani et al. (2013), organizational learning capability refers to a set of skills and tangible and intangible resources that help the organization to gain a competitive advantage. Goh (2003, p. 217) described this as “the ability of the organization to implement the appropriate management practices, structures and procedures that facilitate and encourage learning”. Organizational learning capability has also been characterized as an organization’s ability to acquire knowledge from its external and internal environments, to understand, interpret and assimilate new knowledge and to store it in a way that makes it available to employees. In addition, this capability is seen to direct firms toward innovation and efficiency (Wang et al., 2015). Organizational learning capability comprises the properties that shape the organizational learning process, as in “the organizational activity patterns and the capability series of the firm that allows it to process the knowledge and experience, develop the knowledge in accordance with this knowledge and experience and store the knowledge to utilize it when necessary” (Kiziloglu, 2015, p.18). This also occurs at the level of group learning, where people work together, coordinate their activities and share knowledge to improve organizational effectiveness (Jerez-Gomez et al., 2005; Altinay et al., 2016). Organizational learning capability indicates the existence of creation capacity and effective employment of various ideas with a number of organizational borders, using particular managerial methods and creativity (Rashidi et al., 2010).
Different researchers have referred to different dimensions of organizational learning capability. According to Goh and Richards (1997), there are four measures of organizational learning capability: team orientation, systems orientation, learning orientation and memory orientation. Goh (2003) defined five major elements that strengthen organizational learning capability: leaders’ commitment, lucidity of goals and vision, an enhanced role for employees, willingness to experiment and appreciation of new ideas and efficient knowledge sharing and team-based problem-solving. In a study of 111 Spanish firms from the chemical field, Jerez-Gomez et al. (2005) conducted and introduced a method of measuring organizational learning in terms of managerial commitment, systems perspective, openness and experimentation and knowledge transfer and integration (see also Hooi and Ngui, 2014; Nwankpa and Roumani, 2014). Chiva et al. (2007) proposed a model of organizational learning capability encompassing five dimensions: experiment, taking risks, interaction with environment, dialogue and participatory decision making.

For the purposes of this study, Jerez-Gomez et al.’s (2005) model of organizational learning capability was adopted, as many studies have employed this measurement scale and confirmed its efficiency and reliability (e.g., Liao and Wu, 2009). This scale measures the organizational tendency to learn-that is, organizational learning capability. The model specifies four dimensions of organizational learning; managerial commitment, systems perspective, openness and experimentation and knowledge transfer and integration.

Managerial Commitment
This dimension of organizational learning capability refers to the process of producing knowledge and shaping organizational culture as a fundamental activity, given that organizational learning is the main component in securing long-term outcomes (García-Morales et al., 2007). Managerial commitment has been defined as an organization’s ability to support and enhance the role of leadership commitment in order to establish knowledge in the organization (Akgun et al., 2007). It also refers to managers’ recognition of the importance of learning for organizational success, so creating an environment that supports the acquisition, creation and transfer of knowledge (Jerez-Gomez et al., 2005). By acknowledging the importance of learning, managerial commitment creates a culture based on knowledge acquisition, creation and dissemination (Emden et al., 2005).

Managerial commitment to learning is demonstrated by readiness to provide additional resources, try new ideas and make requisite changes to reinforce learning in the organization. Subsequently, management can create a learning environment that helps the organization to maintain its market position. Management should encourage leaders to view failure as a motivation to learn and to seek knowledge, with a view to avoiding failure in the future (Nwankpa and Roumani, 2014).

System Perspective
System perspective can be defined as the process of creating a common ground for all the organization’s members (Sinkula et al., 1997). The different individuals, departments and areas of the firm should have a clear view of the organization’s goals and an understanding of how they can contribute to their development (Jerez-Gomez et al.,
Job Commitment and its Relation to Organizational Justice: A Theoretical Perspective

2005). System perspective can be understood as the process of getting all members to work together and making sure that all members clearly understand organizational objectives as key elements in the achievement of organizational goals. Organizational attitude as a system is a method that identifies the communication that contributes to the development of a shared mental model in the organization through the application of knowledge and common principles (Garcia-Morales et al., 2007). Sectors, groups and individuals in the firm should clearly understand organizational goals and their roles in achieving them (Jerez-Gomez et al., 2005).

In relation to learning, system perspective means that employees should be dedicated to learning and should understand their role in achieving learning objectives. If individuals do not understand the shared vision of the organization, they will not be able to sustain its learning capability (Nwankpa and Roumani, 2014). As members are exposed to new ideas in an open environment both inside and outside the organization, this dimension is very important for creative learning, which requires that all members understand the common vision (Emden et al., 2005).

Openness and Experimentation
Openness and experimentation refers to an organization's willingness to try new ideas and propositions (Chiva et al., 2007). Openness and experimentation is an important dimension of organizational learning capability because it offers employees an opportunity to benefit from previous failures in order to avoid further mistakes and risks (Nikbakht et al., 2010). Openness and experimentation creates an environment that willingly accepts new ideas and both external and internal perspectives, enabling individuals to improve and develop their knowledge (Radzi et al., 2013). Experimentation is a key aspect of openness to new ideas that can be both intra- and extra-organizational. It is considered central to generative learning and demands creative solutions to existing and future problems through the application of a range of methods and procedures (Alikhani et al., 2013). Experimentation can be defined as the process of testing and utilizing new ideas and proposals in the organization (Tohidi et al., 2012); encouraging employees’ creativity, welcoming new ideas and being willing to make changes are all important aspects of experimentation.

Gomes and Wojahn (2017) noted that experimentation also involves looking for new and creative solutions to problems to the extent that the organization employs different methods. The bottom line is openness, as experimentation requires an environment that supports innovativeness, resourcefulness and willingness to take risks, as well as welcoming any ideas generated by others’ mistakes. In addition, organizations that support openness and experimentation tend to look for ways of developing their existing technological infrastructure. These organizations welcome new ideas, suggestions and technologies that address existing and future problems because they probably have their own procedures to support creativity (Nwankpa and Roumani, 2014).

Knowledge Transfer and Integration
Organizations encourage their employees to learn more because this is likely to contribute to their development and growth. In addition, employees can improve
themselves by developing better organizational learning capabilities. Knowledge transfer and integration capability are key factors in the process of creating an appropriate human environment within the organization (Bahadori et al., 2012). The organization’s ability to collect and share knowledge and information plays an important role in organizational learning capability (Atwood and Mora, 2010). Knowledge transfer and integration can be defined as the process of transferring knowledge, ideas and information through the organization’s communication channels (Jerez-Gomez et al., 2005). The organization’s ability to share new knowledge between departments and organization members is likely to play a major role in the organization’s success. Evidence from previous studies suggests that organizations with efficient processes for knowledge transfer have a better chance of achieving and maintaining competitive advantage (Deshpande, 2012).

Knowledge transfer involves two related procedures—internal transfer and knowledge integration (Jerez-Gomez et al., 2005). Internal transfer refers to the process of distributing and transmitting knowledge, information, ideas and experiences between departments (Tong et al., 2015). This leads to innovation through absorption or reception of information and experiences from other employees, organizing the knowledge and transferring it to the organization’s members for the purpose of solving problems (Wang and Neo, 2010). Knowledge integration, on the other hand, is the extent to which an organization is able to benefit from previous mistakes to avoid future problems. Its sub-dimensions include preservation of knowledge systems, internal training methods and formal and informal networks that retain and disseminate lessons learned from past errors (Visser, 2016).

Transformational Leadership and Entrepreneurial Orientation
Ongoing studies of entrepreneurial orientation and leadership aim to identify the effect of leadership on the organization's innovation capability and willingness to take risks, as well as on employees’ activities and their adoption of entrepreneurial attitudes (Tang and Hull, 2012; Khan et al., 2013). Many of these studies have focused on entrepreneurial behaviors, activities and procedures that contribute significantly to the process of decision making and on entrepreneurial actions that aim to enhance the organization’s performance. Setting out his point of view about the managerial resource, Miller (2011) stated that as a means of developing entrepreneurial orientation, the managerial resource is important because it is strongly linked to the human capital that drives innovativeness, proactiveness and risk taking—the dimensions of entrepreneurial orientation.

Among the many studies that have investigated the relationship between transformational leadership and entrepreneurial orientation, Morris et al. (2007) argued that entrepreneurial orientation is related to transformational and transactional leadership styles. Additionally, they proposed that transformational leaders have a greater effect than transactional leaders on entrepreneurial behaviors, as they support employees and encourage and stimulate creativity. Similarly, in his study of leadership styles, Chung-Wen (2008) revealed that transformational leaders who are more proactive, innovative and risk taking are likely to exert a greater effect on their organization’s performance by virtue of their entrepreneurial orientation and
performance. Another study by Öncer (2013) showed that transformational leadership has a greater influence than transactional leadership on an organization’s entrepreneurial orientation. His study also revealed that the transformational leadership dimensions of idealized influence, intellectual stimulation and inspirational motivation influence the organization’s innovativeness, risk taking and proactiveness; only individual consideration was found not to affect risk taking. Arham (2014) reported that the idealized influence, intellectual stimulation and inspirational motivation provided by transformational leaders also had an impact on the entrepreneurial orientation of small and medium sized firms in Malaysia. Muchiri and McMurray (2015) demonstrated that transformational leaders who inspire their followers, encourage them to go beyond expectations, motivate them by defining goals and a shared vision and act as a role model for positive values and norms can affect employees’ entrepreneurial orientation behaviors. Examining the relationship between transformational leadership and entrepreneurial orientation, they looked at how these affect the overall performance of firms within the proposed model.

In an empirical study of knowledge-intensive organizations, Afsar et al. (2017) reported that leaders with transformational characteristics (idealized influence, inspirational motivation, intellectual stimulation and individual consideration) enhanced employees’ entrepreneurial behaviors by encouraging them to find new ways of solving problems, by defining a shared vision and objectives that stimulated employees to achieve them and by treating employees with due regard to their desires and interests.

**Transformational Leadership and Organizational Learning Capability**

Leadership is strongly related to all organizational learning stages, which include acquiring crucial sources for learning, developing a common ground, merging new with and existing knowledge, sharing knowledge within the organization and establishing an organizational vision (Berson et al., 2006). The leader is directly responsible for creating and maintaining a successful learning culture, and transformational leadership in particular plays an important role in the evolution of organizational learning. A number of studies have explored the relationship between leadership styles and organizational learning, with particular reference to transformational and transactional leadership. For example, an empirical study in Saudi banks by Nafei et al. (2012) examined the relationship between transformational and transactional leadership styles and organizational learning. Their findings indicated that banks needed transformational leaders in order to improve the performance of employees and to enhance their responsiveness to change. Transformational leaders encourage employees to do their best, delegating authority and power to make decisions to them and treating each employee as an individual.

Another study by Radzi et al. (2013) indicated that the qualities of idealized influence, individual consideration, intellectual stimulation and inspirational motivation provided by transformational leaders had a positive effect on organizational learning capability and innovation. In their study investigating the relationship between different leadership styles (participative, supportive and instrumental) and organizational learning capability in Turkish organizations, Imamoglu et al. (2015) found that all three types of leadership
exert an influence on organizational learning capability. Imran et al. (2016) reported that transformational leaders have a positive influence on the organizational learning capability of commercial banks in Pakistan. In their study of how transformational and transactional leadership styles affect organizational learning capability in universities, Al-Sabbagh and Al-Khalil (2016) showed that the individual consideration dimension of transformational leadership had an influence on organizational learning while the other three dimensions (inspirational motivation, idealized influence and intellectual stimulation) had no effect. In contrast to that finding, Khalifa and Ayoubi (2014) demonstrated that inspirational motivation dimension had an effect on organizational learning capability.

**Organizational Learning Capability and Entrepreneurial Orientation**

Organizational learning capability—that is the ability of an organization to acquire, disseminate and integrate knowledge (Jerez-Gomez, et al., 2005)—is known to affect firms’ orientation to entrepreneurial behaviors. Studies investigating the relationship between organizational learning capability and entrepreneurial orientation have confirmed that the two variables are interrelated and that there is a two-way relationship between them (Hakala and Kohtamaki, 2011; Altimay et al., 2016). Garcia-Morales et al. (2007) concluded that organizational learning capability is a characteristic of the most entrepreneurial, innovative and proactive organizations. Altinay et al. (2016) examined the effect of organizational learning capability (as measured by managerial commitment, openness and experimentation, knowledge transfer and integration and system perspective) on entrepreneurial orientation and organization growth. Their findings also confirmed the interaction between organizational learning capability and entrepreneurial orientation by showing that organizational learning capability is likely to influence both entrepreneurial orientation and organizational growth. A recent study by Vasconcellos et al. (2016) investigated the relationship between organizational learning, entrepreneurial orientation and performance in small and medium sized firms. Their results again confirmed that organizational learning has an influence on entrepreneurial orientation and especially on innovation.

**Conclusion**

As organizations are exposed to multiple environmental pressures, change is considered essential and must be conducted through organizational learning or, more specifically, through organizational learning capability. Leadership is the first step in the movement toward change (Lakomski, 2001), and leaders play a significant role at all stages of organizational learning: acquiring the necessary resources to support learning, identifying a shared vision and objectives, integrating new and existing knowledge and transferring this to all members and departments (Berson et al., 2006). To deal effectively with the continuous development and change in business environments, inspiring managers are needed to encourage employees to be adaptive and creative, to lead the organization toward change and to enhance entrepreneurial orientation. Transformational leaders play an important role in enhancing the entrepreneurial behaviors of banks, and it is important to study and understand these variables. Organizational learning also plays a key role in enhancing banks' entrepreneurial orientation. This research contributes to the literature by bridging the knowledge gap concerning the role of organizational learning capability in mediating the effect of
transformational leadership on entrepreneurial orientation in Jordanian commercial banks.

Also, researchers called for more research on the enabling factors of applying electronic services (e.g. Masa'deh, et al., 2008, 2013a, 2013b; Karajeh & Maqableh, 2014; Maqableh & Karajeh, 2014; Al-Dmour et al., 2015; Almajali & Maqableh, 2015; Kateb et al., 2015; Maqableh et al., 2015; Masa'deh, 2016; Tarhini et al., 2015; 2016, 2017a, 2017b; Almajali & Al-Dmour, 2016; Almajali et al., 2016; Alenezi et al., 2017; Almajali et al., 2017; Kharaldeh et al., 2017; Mikkawi & Al-Lozi, 2017; Obeidat et al., 2017; Yassien & Mufleh, 2017; Tarhini et al., 2018; Al-Dmour et al., 2019; Masa'deh, et al., 2019), therefore, future research is vital to explore in new electronic venues the relationship between entrepreneurial orientation, and organizational learning capability.

References


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