

Studying the Role of Idealized Influence, Inspirational Motivation and Intellectual Stimulation Dimensions of Transformational Leadership on Organizational Effectiveness in Bank Mellat

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Abstract: The aim of the present study is to explore the role of transformational leadership on organizational effectiveness in Bank Mellat. In terms of methodology the present study is a descriptive study of survey type. In terms of type of supervision and degree of control, it is a field study and in terms of method also it can be considered as a descriptive-survey study. The aim of this study is to explore the effect of transformational leadership on organizational effectiveness in Bank Mellat. For data collection, bibliographical as well as field studies have been used. Statistical population of the present study is consisted of managers, experts and employees of Mellat bank. For determining the sample size, first those employees with minimum 5 year of work experience have been selected and finally with the help of Cochran's formula the desired sample has been determined (384). In the end, data collected from SPSS Software has been analyzed.

Key words: Transformational leadership, effectiveness, bank, organizational, transformational

INTRODUCTION

Leadership is a subject that has long attracted the attention of researchers and public to it, however, scientific studies about leadership have been started only in 20th century and the main line of most of these studies has been around determining factors of leadership effectiveness or in other words, creation of transformation by them. Need to an appropriate leadership style that can set and modify the organizational culture toward achieving organizational goals, seems to be critical in the success of an organization. New changes in leadership theories from charismatic leadership theories which consider a leader as an extraordinary being and consider followers dependent on the leader have been shifted toward neo-charismatic theories and transformational leadership that pays attention to development and empowerment of followers for their independent performance and functioning. The new century has brought new waves of changes with it. The surrounding environment of organizations have become more dynamic than before and this has caused organizations to seek for some answers for dealing with these dynamisms which are necessary for success and even survival in such environment and therefore organizations are moving toward flexibility, mobility and transformation and to avoid being static. To this end, the topic of leadership and

in other words, leading the change, plays a considerable and prominent role. The importance of transformational leadership is due to the fact that organizational compatibility requires the creation and institutionalization of new systems and processes which are not possible without effective leadership (Rezaeean and Ali, 2008).

The surrounding environment of organizations has become more dynamic and therefore, it is necessary for them to move toward transformation for achieving success. Transformational leadership is one of the leadership's paradigms for enhancement of organizational performance in today's chaotic environment which seeks to predict changes in the environment with motivating employees and developing an organizational culture in which ethical practices are considered as a behavioral norm. transformational leaders form a clear image of the required future vision. Capabilities of a transformational leadership in implementing an appropriate transformational processes, gives confidence to the organization for quick response to ever changing competitive conditions. Successful organizations require leaders who define and determine the appropriate direction and the future path of the organization with their deep reflections and create the motivation of creating transformation in employees (Hall *et al.*, 2009).

Transformational leadership refers to a type of leadership in which leaders are god-gifted and provide

spiritual motivation and special attention for their followers and lead them with penetrating their hearts. Transformational leaders create a dynamic organizational visions which often necessitates a transformation in cultural values for higher innovation. Transformational leadership also seeks to establish a relationship between individual and collective interests in order to allow subordinates to work for noble objectives. Transformational leadership, finally creates the context for organizational effectiveness.

Organizational effectiveness refers to the extent to which an organization with the use of special resources and without wasting its resources and without unnecessary wearing out of its members and community, achieves its goals. In fact, organizational effectiveness, indicate to the degree of closeness of an organization to its goals. In other words, it refers to the extent to which an organizational realized its goals. The concept of effectiveness is one of the most important topics in understanding the area of organizational behavior. Experts and researchers believe that effectiveness is the main subject and issue in all organizational analyses and imagining an organizational without the structure of effectiveness is difficult. Also, experts believe that paying attention to the topic of effectiveness causes the development of organizational theories and consider effectiveness as the main issue in practical field. Intellectuals of management and organizational behavior define effectiveness as the extent to which goals are achieved (Elahe, 2007).

Considering the extensive changes in today's world and intensity of competitions, the attention of so many researchers has been attracted to designing appropriate strategies for effectiveness of organizations and quick and effective implementations of these strategies. The same applied to the banks active in Iran as well. Among the most effective factors on effectiveness of organizations we can refer to organizational culture as well as leadership styles. Sometimes it is seen that application of change strategies for organizational effectiveness and development are delayed due to opposition from the sided of organizational culture which is a set of beliefs in the organization or they are rejected totally and not accepted therefore, organizational moves toward Decline, inefficiency and lack of effectiveness. Organizational culture in addition to achievement of high levels of perfection can enhance organizational capabilities for implementation of new operational strategies. Findings of various studies indicate that those organizations which their cultures promote participation of employees in decision making, have flexible processes, have correct tasks designing and have reasonable and clear goals,

have a higher level of performance comparing to those organizations which score less on these factors. Leadership history of organizations also indicate that emphasis on fixed methods in all conditions and situations and not accepting changes in organization is not at all in agreement with progress and the very organizational existence. The behavior of the manager or the head of an organization who should take over the role of leadership can affect the thoughts, emotions and desires of those employees working under him. These thoughts and emotions motivate and guide the behavior of the employees; therefore leadership style as a facilitator and motivator of employees, affect the work performance of an organization (Farhangi *et al.*, 2006). Transformational leadership as per Bernard's model is realized on the basis of four factors of Idealized influence, inspirational motivation and intellectual stimulation and developmental supports.

Idealized influence: Describes those leaders who are acting as strong role-models for followers. If a leader is transformational, he or she will create a sense of respect, admiration and loyalty among his followers and will emphasize on strong commitment for achieving organization's missions.

Inspirational motivation: This factor describes those leaders who create motivation and increase follower's commitment through participating them in establishing future vision.

Intellectual stimulation: Intellectual stimulation of followers is resulted when the leaders helps them toward achieving creativity in their activities and constructive innovation.

Individual consideration and attention: Developmental supports emerges when the leader pays sufficient attention to follower's need for achieving higher growth and development and doesn't spare any guidance and support in this regard.

On this basis, a leader allocates some tasks to followers which guarantees their growth from different aspects. Bringing economic agencies, including banks, from their static status and transforming them and making them dynamic together with administrative transformations with the government's goals and public's needs are among necessary matters in this regard. With considering the number of bank branches in our country and lack of efficiency of these units in provision of proper services to customers and over crowdedness of bank branches and also considering the reduction of

effectiveness in the work place and in general dissatisfaction of people from banking services, reveals the necessity of studying the effect of transformational management on organizational effectiveness more than ever. On the other hand, transformation in leadership style of financial institutions, specially banks in the new competitive markets of our country, points to the importance of the present study. In this study, the effect of the dimensions of transformational leadership has been studied on organizational effectiveness. In fact, the present study seeks to answer the main question of whether transitional leadership is effective on organizational effectiveness? And if yes, what is the extent of this effect and that which of the dimensions of transformational leadership has the highest effect and which of them has the lowest effect on organizational effectiveness?

Theoretical principles and research background

Dimensions of transformational leadership: In order for transformational leadership to be realized, it requires four dimensions or factors which are also known as the constituting elements or components of this theory as well. These factors are.

Idealized influence (idealized features-idealized behaviors): In this case the individual has the characteristics of a charismatic leader is trusted and admired by subordinates. Subordinates recognize him or her as a role model and try to become like him. Idealized influence includes a number of idealized characteristics or behaviors.

Inspirational motivation: A leaders motivates employees to believe in their goals and that it can be achieved with efforts. These individuals usually are optimistic about the future and that goals can be achieved.

Intellectual stimulation: A leader motivates employees intellectual. These leaders encourage their followers to deal with problems creatively and to question obvious assumptions. They encourage their followers to explores problems from various angles and implement innovative technique for solving problems.

Individual consideration: A leader meets the emotional needs of his or her subordinates. These leaders recognize the needs of people and help them to foster the skills they need for achieving a certain goal. These leaders might spend a lot of time on fostering, educating and training.

Transformational leadership (scope and process): Development of transformational leadership should be

carefully aligned with organization's strategy and should support and enhance it. Issues such as globalization, decentralization and fast rhythm of markets, force companies to evaluate their performance. Today, the old and previous paradigms are not effective anymore and understanding the need to change has gained a lot of importance. In spite of this, careful determination of how to change these challenges into proper opportunities is something that so many top managers are concerned with it. Organizations with high level of performance, consider the process of leadership development as a source and origin if competitive advantage. This process includes the following stages.

Aligning leadership development with company's strategy: Development process of transformational leadership as an effective part of change process should be aligned with strategic goals of an organization. Pioneers of leadership development for understanding and contributing to the implementation of the general strategy of the company should not leave out any necessary action. New leaders only through the alignment of their efforts will be able to eliminate business challenges and global market limitations effectively (Martz, 2008).

Concentration on fundamental issues: Development of transformation leadership mostly concentrates on the main issues such as necessary strategic values and issues at all the level of an organization. While, business units are more focuses on challenges specially their own operations, the focus of attention of the leadership development of a company specially on the leader and often developed management skills, specially special commercial skills. Leadership skills deal with the main skills that is those skills and behaviors that enables the employees to perform the certain limit of their own tasks. Leadership development is founded on these main features.

Focus on human resources development and job experience: In the leadership development process those teams gain superiority who emphasize on the importance of human resources development and job experience. Using commercial leaders in key positions of human resources development is not a disrespect toward unique hierarchical aspects, but it means that the presence of commercial leaders guarantees a better and more useful participating and confidence in programs and plans.

Focus on internal and external factors: Efforts of transformational leadership development should be made with a focus on internal environment and an awareness

from the external environment. New business demands makes the need to change mandatory, however, doesn't provide any criterion for the way this change to be made. Whether this change has been initiated by top executive managers or whether it is like an absurd map throughout the organization) creating a process for founding skills, capabilities and techniques of leadership which force organizations for explore and study the external and internal environment for an answer is necessary.

Organizations should understand that the leadership development process for creating change should be matched with organizational culture. The first step, for designing a leadership development process is to guarantee this relationship through demanding direct information from customers. Feedback from customers is a key and common process for organizations. For analyzing these needs in a correct way, organizations emphasize on a number of tools including the below mentioned:

- Using executive managers in key positions of human resource development
- Formal communications with strategic planning efforts
- Discussion and extensive conversations with business's leaders
- Studying customers internally and externally

These formal evaluations and assessments of needs may appear like a clear action and measure in creating the process of leadership development. These assessments by no means are performance at a macro level. The role of leaders in all these levels is to clarify this fact for individuals that they deserve to achieve more than they think and that they should not be satisfied with where they are standing currently. Transformational leadership in third millennium should be applied through interactions which are based on common insight, knowledge and responsibilities for achieving outputs and these interactions should occur among big leaders of companies (top managers) and members of an organization (individuals inside an organization, affiliates of an organization). Studying the finding of a number of studies indicated that transformational leadership comparing to other leadership styles has a more strong positive and significant effect on job motivation, performance, organizational success, job satisfaction, organizational commitment, efficiency, effectiveness and in general, organizational productivity. Findings of MacIntosh and Doherty, indicate that organizational culture has a significant and positive effect on job satisfaction and a negative one on intent to leave an organization.

Findings of Armenakis also indicate that organizational culture directly has a positive and significant effect on satisfaction of individuals and in general, culture has an indirect effect on organizational effectiveness.

Findings of Boglarski and Quantez indicate that organizational culture increases the ability of employees for gaining internal satisfaction and as a result increases job satisfaction and in general, there is significant relationship between organizational culture and effectiveness.

Findings of Goolers and Halland Denison also indicate that there is a significant relationship between performance and cultural indicators in northern America, Europe, Africa and Middle east while this relationship is not significant for Asia.

Casber Amayanti and Amran in their study have found that organizational culture doesn't have a significant effect on employee's job satisfaction.

Riaz and Hayder indicate that transformational leadership, comparing to practical leadership has a more strong and significant effect on job satisfaction.

MATERIALS AND METHODS

In terms of methodology the present study is a descriptive research and a survey type of study. The present study based on the way of data collection required for the study and in terms of research classification according to their goal and objective is a descriptive study. In terms of its type of supervision and its degree of control, the present study in a field study, because the researcher studies the variables in their natural disposition. And since this study shows how banks can increase their organizational effectiveness through transformational leadership, therefore it is an applied research. In terms of method also, it can be counted as a descriptive-survey study, the aim of which is to explore the effect of transformational leadership on organizational effectiveness in Bank Mellat. For collecting the required data, bibliographical studies as well as field studies have been used. The type of research method in terms of aim is applied method. The type of the research method in terms of path and course is descriptive. Statistical population of the present study is consisted of managers, experts and employees working in Bank Mellat in north part of Tehran. For determining sample size, first those employees with at least 5 year of work experience have been selected and finally with the use of Cochran's formula the desired sample has been determined. Considering the fact that there is no exact statistics about the number of individual in research population

available. Therefore, population size has been considered as unknown and hence, the minimum sample size is used with the help of Cochran's formula in the condition in which population size is unknown. The sampling method also is available convenient sampling and sample size is equal to 384 individuals as per the following equation:

$$n = \frac{1.96^2 \times 0.5 \times 0.5}{0.05^2} \approx 384$$

RESULTS AND DISCUSSION

Based on the collected data, there are 245 male and 139 are female participants in this study. Based on the obtained data from the research questionnaire, 245 of the individuals (63%) of the total respondents are male and 139 individuals (37%) are female. Most of the respondents are between 36-46 year old constitutes 53% of the total individuals. Most of the participants have a bachelor degree in a way that around 65% of the total participant have bachelor degree. The 36% of the participants have a tenure of 15-20 year and the lowest frequency is related to those who are having a tenure of >20 year. Results obtained from data analysis in relation to the main research hypothesis have been presented in Table 1.

Considering the statistical results presented in Table 1, we can see that the indicator of transformational leadership style is significant with 95% confidence level and a error level (Sig.) <0.05 (p = 0.000, df = 30, Chi = 183.674). Therefore, transformational leadership is effective on organizational effectiveness in Bank Mellat. Hence, H₀ hypothesis is rejected and the H₁ hypothesis is accepted. In other words, it can be said that transformational leadership style has a positive and direct effect on organizational effectiveness in Bank Mellat.

Results of this hypothesis is consistent with the results of Sheikhal Zadeh and Tejari that have shown transformational leadership has a positive and significant effect on organizational effectiveness.

With confirming the existence of a relationship between the dependent and independent variables, now we intend to study the intensity of this relationship and the effect of the independent variable on the dependent variable. Results of Table 2 indicate that the value of Spearman's correlation coefficient for the two variables of transformational leadership style and organizational effectiveness is equal to 0.491 that below 0.05 is significant, therefore, it can be said that the relationship between the variable of transformational leadership style and organizational effectiveness is rather strong. In other words, the extent to which transformational leadership style affects organizational effectiveness is rather strong.

Table 1: Results of main hypothesis analysis

Status	No. of observations	p-value	Sig. level	Freedom degree	Chi-square value
Hypothesis confirmed	384	0.000	0.05	30	183.674

Table 2: Results of Spearman's correlation coefficient

Transformational leadership style		
Correlation coefficient	Sig. level	Quantity
Organizational effectiveness (Spearman's rho)		
0.491	0.000	384

Table 3: Results related to 2nd hypothesis analysis

Status	No. of observations	p-value	Sig. level	Freedom degree	Chi-square value
Hypothesis confirmed	384	0.000	0.05	30	201.654

Table 4: Results of Spearman's correlation coefficient (research findings)

Idealized influence		
Correlation coefficient	Sig. level	Quantity
Organizational effectiveness (Spearman's rho)		
0.468	0.000	384

1st secondary hypothesis: "Idealized influence is effective on organizational effectiveness in Bank Mellat". For testing the above hypothesis χ^2 -test is used. Results obtained from data analysis with regards to the main hypothesis has been presented in Table 3.

Considering the statistical results in Table 4, it can be seen that the idealized influence indicator with 95% confidence level and at the error level (Sig.) <0.05 is significant (p = 0.000, df = 30, Chi = 201.654). Therefore, idealized influence indicator is effective on organizational effectiveness in Bank Mellat. Hence, H₀ hypothesis is rejected and H₁ hypothesis is accepted. In other words, it can be said that idealized influence has a positive and direct effect on organizational effectiveness in Bank Mellat.

Results obtained from this hypothesis test is consistent with the results by Noorshahi, Shiva and Damodar (2012) who have shown that idealized influence is effective on organizational effectiveness.

With confirming that there is a relationship between the dependent and independent variables, now we intend to study the intensity of this relationship and the effect of independent variable on dependent variable. Results of Table 4 indicate that the value of Spearman's correlation coefficient for the two variables of idealized influence and organizational effectiveness is equal to 0.468 which is significant below 0.05, therefore, it can be said that the relationship between idealized influence and organizational effectiveness variables in Bank Mellat is rather strong. In other words, the extent to which idealized influence affects organizational effectiveness is rather strong.

Table 5: Results related to 2nd hypothesis analysis

Status	No. of observations	p-value	Sig. level	Freedom degree	Chi-square value
Hypothesis confirmed	384	0.012	0.05	29	197.892

Table 6: Results of Spearman's correlation coefficient (research findings)

Correlation coefficient	Sig. level	Quantity
Inspirational motivation		
Organizational effectiveness (Spearman's rho)		
0.487	0.001	384

2nd secondary hypothesis: "Inspirational motivation is effective on organizational effectiveness in Bank Mellat". For testing the above hypothesis χ^2 -test is used. Results obtained from data analysis with regards to the main hypothesis has been presented in Table 5.

Considering the statistical results in Table 5, it can be seen that the inspirational motivation indicator with 95% confidence level and at the error level (Sig.) >0.05 is significant (p = 0.012, df = 29, Chi = 197.892). Therefore, inspirational motivation indicator is effective on organizational effectiveness in Bank Mellat. Hence, H_0 hypothesis is rejected and H_1 hypothesis is accepted. In other words, it can be said that inspirational motivation has a positive and direct effect on organizational effectiveness in Bank Mellat.

Results obtained from this hypothesis test is consistent with the results of Noorshahi and Sheikhal Zadeh and Tejari who have shown that inspirational motivation is effective on organizational effectiveness.

With confirming that there is a relationship between the dependent and independent variables, now we intend to study the intensity of this relationship and the effect of independent variable on dependent variable. Results of Table 6 indicate that the value of Spearman's correlation coefficient and Kramer for the two variables of inspirational motivation and organizational effectiveness is equal to 0.387 which is significant below 0.05, therefore, it can be said that the relationship between inspirational motivation and organizational effectiveness variables in Bank Mellat is rather strong. In other words, the extent to which inspirational motivation affects organizational effectiveness is rather strong.

3rd secondary hypothesis: "Intellectual stimulation is effective on organizational effectiveness in Bank Mellat". For testing the above hypothesis χ^2 -test is used. Results obtained from data analysis with regards to the main hypothesis has been presented in Table 7.

Considering the statistical results in Table 7, it can be seen that the intellectual stimulation indicator with 95% confidence level and at the error level (Sig.) >0.05 is significant (p = 0.001, df = 29, Chi = 284.227). Therefore, intellectual stimulation indicator is effective on

Table 7: Results related to 2nd hypothesis analysis

Status	No. of observations	p-value	Sig. level	Freedom degree	Chi-square value
Hypothesis confirmed	384	0.001	0.05	29	284.227 ^a

Table 8: Results of Spearman's correlation coefficient (research findings)

Correlation coefficient	Sig. level	Quantity
Intellectual stimulation		
Organizational effectiveness (Spearman's rho)		
0.412	0.001	384

organizational effectiveness in Bank Mellat. Hence, H_0 hypothesis is rejected and H_1 hypothesis is accepted. In other words, it can be said that intellectual stimulation has a positive and direct effect on organizational effectiveness in Bank Mellat.

With confirming that there is a relationship between the dependent and independent variables, now we intend to study the intensity of this relationship and the effect of independent variable on dependent variable. Results of Table 8 indicate that the value of Spearman's correlation coefficient for the two variables of intellectual stimulation and organizational effectiveness is equal to 0.412 which is significant below 0.05, therefore, it can be said that the relationship between intellectual stimulation and organizational effectiveness variables in Bank Mellat is rather strong. In other words, the extent to which intellectual stimulation affects organizational effectiveness is rather strong.

CONCLUSION

The aim of the present study has been to explore the effect of transformational leadership on organizational effectiveness. Results of this study have indicated that transformational leadership has a positive and significant effect on organizational effectiveness. Transformational leaders play an inspirational role in their relationship with their employees and together with providing them with idea, create a special enthusiasm in them which increases the needs and motivations of the followers and emphasized on high levels of achievement of success in work place. Transformational leaders establish a relationship with their employees and they consider their individual differences and helps them to make use of their potential talents and to increase their responsibilities in the organization. Also, they enhance independence and challenges of work and stimulate employees to do what they can and in this way the organization and the affiliated branches more moves toward increased effectiveness. Results obtained in this section is consistent with the results by Dulewicz and Higgs (2005).

Transformational leaders are interested in developing common values, beliefs and concepts in organizational culture and they move in the path of their vision toward improving organizational performance in order to change the organizational culture. This study recommends that transformational leaders can have a positive effect on a number of matters through defining long term and short term goals, defining organizational vision, development of organizational learning, increasing consistency and coordination in different organizational units, increasing capability, team work and development of capabilities, injection of new ideas to the organization and encouragement of creativity and organizational innovation, changing the degree of formalization orientation and organizational focus on organizational culture of the branches and in this way they can increase the performance level of employees in dynamic organizational environment and move it toward increased effectiveness.

Results of this section about the indirect effect of transformational leadership on organizational effectiveness is consistent with the study of Zinico and Simosi, Hesso and Agoba and Harris.

Both main and secondary research hypotheses have been confirmed. Considering the positive correlation coefficient, there is a direct relationship between transformational leadership styles and organizational effectiveness and the significance of the variables is smaller than $\alpha = 0/05$; therefore, there is a significant relationship between transformational leadership and organizational effectiveness. Results indicate that the relationship between transformational leadership and organizational effectiveness in Bank Mellat indicate that transformational leadership results in higher creativity in employees which means that through behavior, transformational leader increased internal motivation of the followers which leads to their higher creativity.

RECOMMENDATIONS

Results of every study in the end leads to the provision of a number of recommendations for the users of every study. In fact, these recommendations are provided in two parts of practical recommendation which can be used by practitioners in organizations and research recommendations which are used in research centers by students and researchers.

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