Modeling Organizational Learning Based on Leadership Style in Universities

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ABSTRACT

Objective: The purpose of the present study was to provide a structural equation model of organizational learning based on leadership style in universities. Background: The population of the research included all employees of Islamic Azad University (Roudehen, Damavand, Pardis, and Bomehen branches and educational centers) in Iran. 359 employees were selected using stratified and cluster random sampling methods. The research instruments were as follows: Bass and Avolio’s (1996) leadership style questionnaire which consisted of 41 items with two underlying constructs of transformational leadership and transactional leadership and Cronbach Alpha of 0.93; and Watkins and Marsick’s (1997) organizational learning questionnaire which consisted of 43 items with three underlying constructs of individual level, group level, and organizational level and Cronbach's Alpha of 0.97. Results: The results of path analysis using LISREL software indicated that dimensions of leadership style had a direct effect on organizational learning with the indices of 0.92. Conclusion: The model also showed that the factor of transactional leadership had the highest direct effect on the organizational level in the factor of organizational learning. It was also concluded that the proposed model showed full fit.

INTRODUCTION

Practitioners and managers know that competition and environmental turbulence due to rapid and unexpected changes are inescapable features of a global world. In such a scenario, developing new competences and capabilities has gained importance, and this places learning at the center of the organization. This has led to the development of new organizational forms known as “organizational learning” [20]. Over the course of the last few years, the idea of learning organizations has been drawing more and more attention [48]. As employees and managers make up an integral element of organizations, it is likely that they play an essential role in learning organization. Organizations can then except to gain knowledge from these individuals [24].

Researchers have studied the processes of models and theories of the way that people can learn as a collective group and adapt to environmental changes [40,42,54]. Nowadays, organizations are under severe pressure to learn faster and more effectively in order to promote a learning environment [25]. Organizational learning has been associated with organizational theory since the 1930s [2].

Huber [22] defines organizational learning as the processing of information with the aim to store knowledge in the organizational memory. According to Huber [22], organizational learning consists of four constructs: (1) information acquisition; (2) information distribution; (3) information interpretation; and (4) organizational memory. Sanchez [39] extend Hubers’ information-processing perspective to include behavioral and cognitive changes which should, in turn, have an impact on organizational performance. Watkins and Marsick [53,54] identifies seven core practices at the individual, group, and organizational levels as follows:

1. Individual level
   - Creating continuous learning opportunities
   - Promoting inquiry and dialogue

2. Team/group level
   - Encouraging collaboration and team learning

3. Organizational level

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Creating systems to capture and share learning
Empowering people toward a collective vision
Connecting the organization to its environment
Providing strategic leadership for learning

Given the turbulent environments that organizations work within, continuous learning is a key driver of their ability to remain adaptive and flexible – that is, to survive and effectively compete [12]. Organizational learning is one of the most important sources of sustainable competitive advantage that companies have [17], as well as an important driver of corporate performance [50].

Effective leadership is the main cause of competitive advantage for any kind of organization [4,57]. Leaders are conferred the opportunity to lead, not because they are appointed by senior managers; they lead because they are perceived and accepted by followers as leaders [11]. Since organizations face a lot of environmental pressures, there is an urgent need to change, so change is possible and must be done through the process of organizational learning, and the beginning of the movement of change is through leadership by transforming the culture of the old work to a new culture [26]. This is in addition to the fact that the leadership is responsible for the education and rehabilitation of individuals in the organization. Burns [13] suggests two types of leadership: transactional and transformational. Transactional leadership encompasses the initiation of structure, role clarification, meeting the needs of individuals, and the distribution of compensation and penalty in accordance with employee’s job performance. This style consists of management by exception and or contingent reward [5]. Transactional leaders guide their followers toward establishing goals by clarifying role and task requirements [35], inducing apparent change in an individual’s behavior [13], trying to understand the needs of the individual and helping him/her build up the confidence needed to successfully accomplish assigned tasks [36].

Transformational leadership is more of an intellectually stimulating leadership style. While transactional leaders segregate the organization into parts, transformational leaders consider the organization as one large harmonized working system [6]. Transformational leaders “inspire followers to transcend their self-interests for the good of the organization and can have an extraordinary effect on their followers” [35]. Bass believes that transformational leaders are agents of change who boost and direct individuals towards a new set of corporate values and actions. Transformational leaders encourage individuals to have a unique vision of the future, share organizational values and beliefs, go beyond their expectations, maintain self-interest, and pursue personal recognition and rewards [36,35]. Transformational leadership is more of an intellectually stimulating leadership style. While transactional leaders segregate the organization into parts, transformational leaders consider the organization as one large harmonized working system [6]. Transactional leadership emphasizes standardization, efficiency, control, and formalization. This refines and refreshes current learning unlike transformational leadership that is used to promote learning in a situation of change. This role is helpful in encouraging individuals to utilize and benefit from current learning embedded in the organization’s culture, procedure, strategy, and structure [52].

The most widely used measure of leadership in organizations is the Multifactor Leadership Questionnaire (MLQ), originally constructed by Bass [5] and expanded by Bass and Avolio [8], to measure nine factors of what is known in the leadership literature as "the full range leadership model". Following is a brief description of the factors measured.

1. Idealized influence:
   A manager-leader with idealized influence underlines the ideological and moral implications of his decisions, and by role-modeling shows his willingness to sacrifice private interests for the good of the organization.

2. Inspirational motivation:
   Leaders who create motivation through inspiration formulate a clear and inspiring vision of the organization’s future. In their behaviors toward people they praise acts done for the common good, express optimism about the future of the organization, show enthusiasm for shared topics, and radiate confidence that the aims will be achieved.

3. Intellectual stimulation:
   Leaders who are characterized by the ability to create intellectual stimulation cause their people to look at old problems in new ways, encourage them to "think differently," and legitimize creativity and innovation. In their conversations and discussions they often search for different angles to solve problems, and they regularly examine basic assumptions to see whether they are still viable.

4. Individualized consideration:
   Leaders high in individualized consideration relate to each employee personally and not just as "one more"; they treat each employee as an individual with needs, abilities and aspirations different from those of others, they help their workers to develop their strong points, and they spend much time guiding and training their people. The approach of such leaders is basically non-punitive. They are ready to learn equally from successes and failures.
5. Contingent reward:
Contingent reward involves an interaction between leader and followers that stresses an exchange. For example, the leader provides appropriate rewards when associates attain agreed objectives. The emphasis is on facilitating this achievement.

6. Management by exception:
There are two factors of "management by exception": active and passive. When active, the leader monitors to safeguard against mistakes and allows the status quo to exist without being changed. When passive, the leader intervenes to make some correction only when things go wrong. Generally, the modes of reinforcement are correction, criticism, negative feedback, and negative contingent reinforcement, rather than the positive reinforcement used with the contingent reward leadership. Punishment is also used in conjunction with management by exception.

The first four factors (idealized influence, inspirational motivation, intellectual stimulation, and individualized considerations) are known as "transformational leadership factors", the others are termed "transactional leadership factors". The MLQ was designed to measure the full range of leadership behaviors, so it also includes a non-leadership factor termed "laissez-faire". This is the avoidance or absence of leadership, and is the most inactive style. The nominal leader avoids intervention. Decisions are often delayed; feedback, rewards, and involvement are absent, and no attempt is made to motivate followers or to recognize and satisfy their needs. [5,8].

Past research has indicated that transformational and transactional leadership styles are positively related to learning organization processes. For example, Lam [27] and Sadler [37] found that transformational leadership has a positive influence on emphasizing and encouraging teamwork and involvement within the workplace. Also, Bass [9] and Bass and Avolio [8] found that transactional leadership considerably helps develop learning organization efficiency. Thus, it may be presumed that both transformational and transactional leadership styles have positive impact on the performance of learning organization. Pinlu [33] focused on the relationship between leaders’ behaviors and organizational learning actions and found that transformational leadership behaviors correlated significantly with organizational learning actions. Idealized influence and inspirational motivation of leadership were found to be related to dimensions of individual and organizational learning. Contingent reward, that is, transactional leadership behavior, was found to be related to creating continuous learning opportunities and encouraging collaboration and teamwork. Three full-range leadership key results: leaders’ extra effort, leader effectiveness, and satisfaction with leadership were correlated with organizational and individual aspects of a learning organization.

Mahseredjian [30] found that leadership styles correlate with organizational learning in a Non-Western Culture. He also found that transformational leaders have a more profound influence in cultivating a learning organizational environment than transactional leaders. Sahaya [38] focused on a learning organization as a mediator of leadership style and firms’ financial performance. Castiglione [14] focused on Organizational learning and transformational leadership in the library environment and found that Librarians are experimenting with organizational learning and new management styles in an attempt to cope with rapid change. Transformational management styles can be learned and applied by library administrators. The extent to which library administrators are using transformational management techniques to cope with change remains obscured by the fact that appropriate surveys have not been conducted. Nafei et al. [31] focused on leadership styles and organizational learning in an empirical study in Saudi Banks in Al-Taif Governorate Kingdom of Saudi Arabia, and this study revealed that the aspects of leadership styles have a significantly direct effect on organizational learning. Zagorsel et al. [56] focused on transactional and transformational leadership impacts on organizational learning, and the results showed that transformational leadership has a strong impact on all four constructs of organizational learning.

Taking the results of the above mentioned studies into account, the purpose of the present study is to construct a structural model of organizational learning based on leadership style in universities.

Methodology:

Research Questions:
1. What is the structural model of the organizational learning based on leadership style in universities?
2. Which variables have the highest effectiveness on organizational learning?
3. How predictive is leadership style on promoting organizational learning?
4. How much is the goodness of fit in this study?

Method of the Study:
The research methods which used in this study were: library research to access the theoretical framework and the related literature; and the survey method to collect, classify, describe, and analyze the data.

The population of the research included all employees of Islamic Azad University (Roudehen, Damavand, Pardis, and Bomehen branches and educational centers) in Iran. In order to estimate the least volume of sample,
The formula was used. Regarding the minimum sample required for the staff’s group which was estimated at 559 individuals, the same number of questionnaires of leadership style and organizational learning were administered to the staff members, who were selected, using stratified and cluster random sampling method. The research instruments were as follows: Bass and Avolio’s [8] leadership style questionnaire which consisted of 41 items with two underlying constructs of transformational leadership (idealised influence: attributes, idealised influence: behaviours, inspirational motivation, intellectual stimulation, and individualised consideration), and transactional leadership (contingent reward, management by exception: active, management by exception: passive) and Cronbach’s Alpha of 0.93; and Watkins and Marsick’s [55] organizational learning questionnaire which consisted of 43 items with three underlying constructs of individual level, group level, and organizational level and Cronbach’s Alpha of 0.97.

Results:
Findings of the Study:

The data collected from the administration of the instruments were analyzed. These data included the different indexes of central tendency, variability and the distribution of staff’s groups, the staff members’ scores obtained from leadership style and organizational learning questionnaires and their related components. The distribution of the staff members’ scores in the given variables had tendency toward normality.

As shown in Figure 1, the Lambda rate of external latent variable of leadership style components was 0.83 for transformational leadership, and 0.89 for transactional leadership. It is worth mentioning that their accumulation forms the leadership style variable with the effectiveness rate of 0.68. It means that 68% of the variation in the dependant variable of organizational learning is explained by a collection of these indexes. The variable of transactional style indicates the highest amount of internal consistency in the external latent variable.

The Lambda rate of internal latent variable of organizational learning components was 0.87 for Individual level, 0.86 for group level, and 0.89 for organizational level. Their accumulation forms the organizational learning variable. The variable of organizational level indicates the highest amount of internal consistency in the internal latent variable. Since the model’s goodness of fit index is 0.92, it can be stated that it has an acceptable fit. The calculated index indicates the direct effect of leadership style components on organizational learning. Moreover, the model shows that the highest direct effect is related to transactional leadership, the component of leadership style, on organizational learning in organizational level.

The following table presents the indexes related to the model’s fit:

<table>
<thead>
<tr>
<th>Index</th>
<th>Rate</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lewis-Tucker (Non-normed fit index)</td>
<td>0.90</td>
<td>High fit (equal to, or more than 0.90)</td>
</tr>
<tr>
<td>Bentler-Bonett’s (Normed fit index)</td>
<td>0.90</td>
<td>High fit (equal to, or more than 0.90)</td>
</tr>
<tr>
<td>Hoelter</td>
<td>0.71</td>
<td>High fit (more than 0.70)</td>
</tr>
<tr>
<td>Root Mean Square Error (RMSE)</td>
<td>0.048</td>
<td>High fit (less than 0.05)</td>
</tr>
<tr>
<td>GFI</td>
<td>0.92</td>
<td>High fit (more than 0.90)</td>
</tr>
</tbody>
</table>

The five goodness of fit indexes presented model’s fit and empirical data. Therefore, desirability adaptation is provided for the designed model and empirical data, and can approve it as an appropriate model for the organizational learning.
Discussion:

The results of path analysis using LISREL software indicated that dimensions of leadership style had a direct effect on organizational learning with the indexes of 0.92. The model also showed that the factor of transactional leadership had the highest direct effect on the organizational level in the factor of organizational learning. Stasny [49] found out the effect of the transactional leadership on organizational learning. In his research, he discovered that transactional leadership form 96% organizational learning. In another research, Ash [3] found the relationship between the transactional leadership and organizational learning. Furthermore, Rijal (2010) found a positive relationship between the style of transformational leadership and the development of organizational learning. Amitay et al. [1] showed the role of organizational leaders in determining the efficiency of organizational learning. Nafei et al. [31] in their study, found that transactional leadership is a must in participation of the staff in organizational learning, and also transformational leadership is a necessity for strengthening organizational learning which leads to the increase of performance and competition. In a study done by Singh [44], a positive relationship between the collaborative and transitive leadership and organizational learning was emphasized. Regarding the important role of organizational leaders in strengthening organizational learning, in particular, the relationship between leadership styles and organizational learning, a lot of studies have been done, like Zagorsek et al. [56] and Garcia-Morales [21].

In fact, a tool that can facilitate an organization's process of adapting to changes in the current competitive climate is organizational learning, which can be considered as the precursor of change [34]. The results of the studies conducted by Nordtvedt [32] and Lin also clarified that using organizational learning and effective teaching in organizations would enhance the income, market share, profitability, and company’s performance and played a leading role in the increase of innovation rate. Studies have shown that organizational learning affects competitive advantage, financial and nonfinancial performance [10,45,18,23], tangible and intangible collaborative benefits in strategic alliances [43], the unit cost of production [16] and innovation [29]. Given the significance of organizational learning for corporate performance, understanding ways in which managers can influence the learning process in organizations is becoming increasingly important. Lei et al. [28], Llorens Montes [29], Senge [41], and Swieringa and Wierdmsa [51] emphasize the importance of leadership for organizational learning. Slater and Narver [46], and Snell [47] describe capability with regard to transformational leadership as one of the most important means of developing learning organizations, while recent theoretical developments emphasize the importance of a contingent approach toward leadership and organizational learning. Effective leadership is the main cause of competitive advantage for any kind of organization [57].

Conclusion:

Regarding the findings of the present research, the managers are recommended to provide employees with an atmosphere in which: they feel proud of their status; they are encouraged to reflect on ideas which have not been challenged yet; staff's capabilities are developed; employees are given the chances to be trained.

In addition, university managers should take a leadership method which enables them to:

- Make staff respect them through proper behavior and deeds.
- Show their qualification and capacity.
- Keep calm in chaotic situations.
- Trust in their beliefs, ideas, and values.
- Criticize the traditional methods of performance.

Furthermore, regarding the fact that transactional leadership has the greatest effect on strengthening organizational learning in universities, the followings are suggested:

- Managers should discuss what staffs expect to receive.
- Managers should reward the staffs who are cooperative.
- Managers should monitor the staffs' mistakes.
- In order to prevent the staffs' mistakes, managers should supervise their activities.
- Managers should take time to solve the problems.
- Managers should negotiate with staff and let them know the expectations of the organization.
- The staff should know how to satisfy the expectations of the organization and receive the related rewards.

In conclusion, the newly-proposed results in this research can be effectively employed to enhance the organizational learning in similar organizations.

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REFERENCES