

# The Relationship between Transformational Leadership and Organizational Performance (Case Study: Hospitals and Therapeutic Centers of Hormozgan)

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## ABSTRACT

Transformational leadership commitment to organizational goals and processes to enable people to realize their goals. This study is the impact of transformational leadership on organizational performance. In terms of research methodology, descriptive correlation study sample consisted of 164 employees, experts and health centers is 146 persons were selected by simple random sampling. Data collection in this study is a questionnaire. That the validity of the experts and to estimate the reliability of Cronbach's alpha coefficient was used. Overall, the results show that the hypothesis that a positive relationship between transformational leadership and organizational performance are significant.

**KEYWORDS:** transformational leadership, organizational performance, health centers.

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## 1. INTRODUCTION

Leadership is an art and skill which can be progressed through scientific understanding and perception. In other words, management is the process of effective and efficient human and material resources for planning, organizing, mobilizing the resources and facilities, guidance, control, and monitoring which is aimed at achieving the organizational objective based on the value system of a community (Niazazari *et al.*, 2010; 166). Transformational leadership is one of the newest approaches raised in this area (Akbari *et al.*, 2013; 64). Transformational leadership theory emphasizes the emotions and values (Xenikou, 2006) and seeks for a connection between individual and collective interests, so that the subordinates are allowed to strive for noble objectives. Accordingly, transformational leaders are able to followers unite their followers based on their ability to change their goals and beliefs. Such leaders not only believe that the current values and attitudes of organizations are not static but also they are looking for changes and developments commensurate with the environmental conditions and in line with organizational objectives and missions (Humphreys, 2003). Theory of transformational leadership style is of theoretical frameworks in the world which has been by Burns (1978) and Bass (1985). Bass (1990) stated that leaders can guide their followers towards having a performance more than expected by using the behavioral characteristics of transformational leadership (Humphreys & Einstein, 2003).

Given that most organizations today are living in a complex and dynamic environment, transformational leadership is essential for improving organizational performance in today's turbulent environment. Leaders can both influence the behavior of their followers and take the results of their performance under their own control (Kerr *et al.*, 2006; 268). The results of studies have revealed the existence of a strong relationship between transformational leadership (and its components) and organizational performance (Akbari *et al.*, 2013). Garcia-Morales *et al.* (2011) have also mentioned to the positive effects of transformational leadership style on organizational performance.

The present paper aims to study the effect of transformation leadership style on organizational performance.

## 2. Theoretical foundations and research background

Performance is an issue which is studied and discussed academic researchers and managers in most branches of management including strategic management. Although there are wide range of prescriptions for development and control of organizational performance, this term and its levels of analysis and conceptual basis for evaluating the performance have been frequently discussed and debated in academic communities (Özshahin *et al.*, 2011; 1550). In other words, organizational performance is an index that measures how the objectives of an organization or institute are realized (Ho, 2008). In most organizations, managers and leaders have always sought to improve the performance of their organizations (Chin *et al.*, 2003). Over time, as the concepts of total quality management and human capital found more importance, other dimensions in performance measurement systems have been taken into account. Business excellence models were invented aimed at measuring performance with a comprehensive approach to all aspects of the organization and embracing all beneficiaries (Fadaeinejad *et al.*, 2010). Studies have revealed the existence of a significant relationship between organizational performance and transformational leadership style (Elenkov, 2002). Transformational leaders promote the needs and motivation of their followers and make prominent changes in individuals, groups, and organizations (Simola *et al.*, 2010).

Transformational leaders are leaders who have an extremely profound influence on their followers and motivate and guide them towards the determined objectives by assigning the roles, obligations, and tasks (French and Bell, 2003).

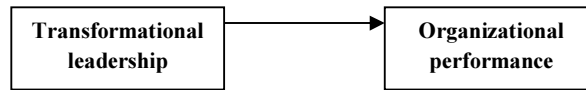
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Transformational leadership has four main components including idealized influence (in this case, a person has the characteristics of a charismatic leader), mental encouragement (transformational leaders try to encourage their followers to creativity and innovation), inspirational motivation (a transformational leader properly motivates his/her followers through inspiration), and personal considerations (spending time on training the subordinates on the way of behaving and treating with others in order to develop their capabilities). As studies show, there is a significant relationship between organizational performance and transformational leadership (Garcia-Morales *et al.*, 2011) and also between the components of transformational leadership and organizational performance (Akbari *et al.*, 2013; 80). Bass (1990) argued that leaders can guide their followers towards having a performance more than expected by using the behavioral characteristics of transformational leadership (Humphreys & Einstein, 2003). Regarding the fact that performance is an important issue in organizational analyses and it is difficult to imagine an organization that is not subjected to performance measurement and evaluation, performance is remembered as a main issue in the practical space (Akbari *et al.*, 2013; 64).

### 3. Hypotheses and conceptual model of research

Figure 1-1 shows the conceptual model of this study which was adapted from studies of Bass *et al.* (2003). In this model, organizational performance is the dependent variable and transformational leadership is the independent variable.



**Figure 1-1:** Conceptual model of study

According to the proposed model, research hypothesis is as follows:

- There is a significant relationship between transformational leadership and organizational performance of hospitals and medical centers of Hormozgan Province.

### 4. MATERIALS AND METHODS

The present research is an applied descriptive-analytic study. Statistical population included all personnel of hospitals and medical centers of Hormozgan Province. According to statistics of Hormozgan University of Medical Sciences, there are 21 hospitals and 143 medical centers in this province with 4845 personnel. By asking the experts and employees and by using simple random sampling, 148 of the personnel were selected as the sample. Variables were measured using a standard questionnaire.

Cronbach's alpha coefficient values for the variables are shown in the table below. Cronbach's alpha coefficient of both variables are more than 0.7 which is appropriate, because the closer the alpha value to 1, the higher the inner consistency.

**Table 1.** Cronbach's alpha coefficient of the studied variables

Cronbach's alpha coefficient	Variable
0.839	Organizational performance
0.759	Transformational leadership

Normality of variables was examined by Kolmogorov-Smirnov test. Level of significance for both variables was more than 0.05. Hence, it can be concluded that the distribution of variables in the sample is normal. The results of calculation of the correlation coefficient between the two variables showed that there is a positive and significant relationship between components of organizational performance and transformational leadership. Thus, the research hypothesis is confirmed.

### 5. DISCUSSION AND CONCLUSION

The results of the present study are consistent with the findings of Arabiyoon *et al.* (2013). Akbari *et al.* (2013), Sanjaghi *et al.* (2011), Alarifi (2011), Morales *et al.* (2011), Chicho *et al.* (2010), and Osborne & Marion (2009). Successful organizations need leaders who are able to determine the proper direction and future route of their organizations, guide the individuals in this route, and motivate them to make changes. By emphasizing on the needs, values, and attitudes of the followers, transformational leadership tries to encourage moral responsibility in them. Through creating new ideas and perspectives and promoting an atmosphere of trust and enthusiasm among managers and employees, transformational leaders try to make changes in their organizations and promise the improved and developed organizational performance. They also try to bring a wide range of positive outcomes for employees, working teams, and organizations which finally increase their performance. Transformational leaders use their optimism, intellectual attraction, and other personal abilities in order to promote the aspirations of others and encourage the individuals and organizations to upgrade to higher performance.

According to the results of the present study, transformational leaders play an important and vital role in organizational performance. In other words, the more obvious the features of transformational leaders in organizations is, the more encouraged and motivated the individuals would be to try to enhance organizational performance.

As the research hypothesis was confirmed, it can be stated that the studied organizations and others should promote transformational leadership style and its feature among the managers and leaders and take it as an important priority in their programs, because transformational leaders can underlie changes and development in organizations and pave the way for improvement of organizational performance. It is recommended that senior managers of organizations practically show transformational behaviors to be a role model in this regard for individuals at lower levels of the organization.

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