

# Studying the Consequences of Transformational Leadership Style in National Tax Administration in Qazvin Province

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## Abstract

Transformational leadership provides a basis for long-term organizational changes which make it possible to have access to higher goals for the organizational system. Organizational changes need transformational leaders. Given to the necessity of creating basic changes in administrative systems and the effective role of leadership and management of the organization in such changes, conducting researches in this regard seems necessary.

Consequences of transformational leadership style in National Tax Administration in Qazvin province were explored in the current study. This study is applicative from the objective aspect and descriptive-field from the nature aspect. LISREL software and regression analysis model were used to test the hypotheses.

Results of testing the hypotheses revealed that transformational leadership style is effective on job satisfaction, empowerment, organizational citizenship behaviors, creativity, and organizational commitment of employees in National Tax Administration in Qazvin province.

**Keywords:** Transformational Leadership, Organizational Commitment, Creativity, Organizational Citizenship Behavior

## Introduction

If modern organizations cannot adapt themselves with environmental changes, they will rapidly be omitted and competitors will replace them. Therefore, identification of internal weaknesses and strengths along with environmental opportunities and threats is essential. Under such circumstances, organizations need leaders who change the private or public organizations into phenomena with more capability for survival, growth and advancement. These leaders assume the responsibility, use their imagination and change their imaginations into reality, encourage their followers' commitment and voluntary participation and energize them, and finally direct organizations towards learner organizations that can specify environmental needs and provide the required tools for coordination. Such leaders are known as transformational leaders (Moghli, 2005).

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**Literature review**

**1. Transformational leadership**

**1.1. Concept of leadership**

Scholars of human sciences discuss about the concept of leadership from different aspects. It means direction and guidance of human beings and pioneership towards special purposes that is through influencing others and changing their behavior in practice. Davis (1953) believes that leadership is encouraging others to try enthusiastically for certain purposes. According to Agrwal (1982) leadership includes the activities which affect people for enthusiastic attempt to obtain group purposes. Terry (1977) defines leadership as affecting others to achieve a shared purpose (Rezaeian, 2008).

Table 1. Dimensions of transformational leadership from different viewpoints (Hasanpour et al., 2012)

Theoreticians	Transformational leadership dimensions
Bath (1990)	Individualized considerations, inspirational motivation, intellectual stimulation, charisma
Bath & Avliv (1995)	Charismatic characteristic
Bennis and Nanus (1985)	Paying attention to viewpoint, valuing the communications, character development, and trust building
Conger (1989)	Understanding the situation and designing of viewpoint, empowering others, making effective relations, fostering commitment, and trust building
Podsakoff et al (2003)	Stating the viewpoint, developing acceptance of purposes, expecting high performance, individual support, and encouraging to think
Kouzes and Posner (1995)	Fostering common viewpoint, empowering others, encouragement and path designing
Kent et al (1996)	Viewpoint creation, establishment of possibilities, efficient communications, enthusiasm and morale, self-management
Pounder (2001)	Inspirational motivation, innovation, effect management, paying attention to people, and encouraging to think
Rafferrety and Griffin (2004)	Inspirational motivation, encouraging to think, supportive leadership, recognition of employees

**Consequences of transformational leadership**

The positive role and consequences of transformational leadership have been explored in different studies in various grounds. These positive consequences are presented below.

*Transformational leadership and organizational citizenship behavior*

Katz and Kahn (1996) assert that transformational leadership motivates followers to act at a level beyond the normal level of the organization (extra role). Bath (1985) indicates that followers who are inspired by the leader's insight to do the tasks better try excessively. The effect of transformational leadership on extra role behaviors (organizational citizenship

behavior) has been emphasized in other studies too. Podsakoff et al (1990) found out that there is a positive relationship between transformational leadership with employees' trust and their organizational citizenship behaviors. Rich (1999) argues that transformational leaders enhance optimism among the followers and employees via support and individualized considerations. Optimist employees are more probably more efficient and participate in organizational citizenship behaviors such as sportsmanship (Madhu & Krishnan, 2005).

### **Transformational leadership and employees' job satisfaction**

Transformational leaders provide conditions under which their colleagues and the personnel try beyond what is expected. They encourage their colleagues to act successfully and enhance their willingness for more attempts. Transformational leaders can be effective in elimination of job needs of their colleagues and provide conditions under which their colleagues enjoy more authority that are effective on elimination of organizational needs. According to the consequence of satisfaction, a leader can use satisfactory methods (in colleagues' viewpoint) of leadership and attract people's satisfaction when working with them (Nourshahi, 2010).

### **Transformational leadership and employees' creativity**

Managers who use transformational leadership style create motivation among the members in an organization through transformational leadership dimensions which can be the optimal effect of inspirational motivation and intellectual stimulation. Especially these dimensions are associated with creativity of employees that show a higher motivation and stimulation when internal motivation is increased. Intellectual stimulation enhances exploratory thinking by supporting innovation, autonomy and challenge. Moreover, inspirational motivation encourages the process of idea creation by energizing the employees who work towards the organization's perspective. As a result, the internal motivation felt by employees is an important resource for creativity (Jung et al., 2003).

### **Transformational leadership and organizational commitment**

Ratner (1996) believes that only transformational leaders can depict modern and essential paths for new organizations. These leaders are the source of basic changes and dominate the governing changes in the organization completely. They can present a better and clearer picture of future, explicate their view effectively for their beneficiaries, and challenge them to do exceptional tasks.

Transformational leaders can create a high degree of trust and loyalty in followers by showing their respect and trust in them and paying attention to them individually. In this way, followers intend to identify themselves with their leader and organization. Thus, followers trust in the leader and empathize with him/her emotionally and they will remain in the organization even under difficult circumstances (Ramachandran et al., 2008).

### **Transformational leadership and employees' empowerment**

Managers play an important role in formation of perceptions of their subordinates about their workplace. Researchers indicate that empowerment does not reduce managers' role in organizations and the management role is very important in creating an empowering environment. Also, other researchers have emphasized the importance of leadership and its effects on empowerment. Among these researches, studies carried out by Parker and Price (1994) and Keller and Dansereau (1995) can be mentioned. They concluded that supportive managers train empowered employees. Besides the above researches, other researchers tried to identify empowered leadership behaviors. Most of these researchers believed that

empowerment is possible through increasing of employees' self-efficacy. Konczak et al (1996), Conger and Kanungo (1985) and Kanungo (1989) are some of these researchers. However, theoretical and empirical conditions suggest that behaviors of transformational leaders may have a positive effect on employees' empowerment (Hasanpour et al., 2012).

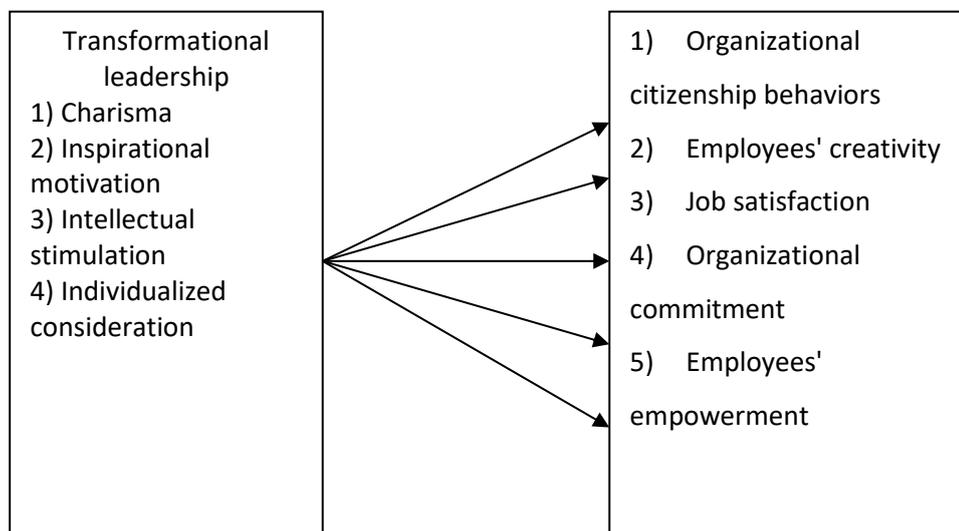


Figure 1. Conceptual model of the survey (researcher-made)

### Hypotheses

1. Transformational leadership style has a positive effect on employees' organizational citizenship behaviors.
2. Transformational leadership style has a positive effect on employees' creativity.
3. Transformational leadership style has a positive effect on employees' job satisfaction.
4. Transformational leadership style has a positive effect on employees' organizational commitment.
5. Transformational leadership style has a positive effect on employees' empowerment.

### Methodology

This study is applicative from the objective aspect and descriptive-field from the nature aspect. The statistical population included all employees and managers (374 persons) of National Tax Administration in Qazvin province. There were 205 employees and 169 managers. Morgan Table was used to determine the sample size given that the statistical population was limited. Considering the number of employees and managers, the sample size was determined equal to 120 persons. Non-random (convenience) sampling was used for sampling. Questionnaire was tool of data collection that is one of the common tools and a direct method to obtain the research data. Given that the questionnaire was prepared using standard questionnaires of Hancott (2005), Lee (2000), Podsakoff et al (1990), Sanders (2003), Spreitzer (1995), Sousa and Soelho (2011), its validity was confirmed. In order to ensure face validity and content validity of the questionnaire, opinions of the supervisor and advisor professors were utilized and modifications were made if necessary. Also, confirmatory factor

analysis was used to ensure construct validity. Reliability of the questionnaire was calculated via Cronbach's alpha coefficient that was equal to 0.925 for employees' questionnaire and 0.935 for managers' questionnaire. LISREL and SPSS software were the statistical methods used at the inferential statistics level.

### Data analysis

Summary of the results and impact factors of the independent variable on dependent variables are shown in Table 2.

Table 2. Results of standard coefficients and significance numbers (rejecting or confirming the hypotheses)

From	To	Standardized coefficient	Significance numbers (t values)	Rejecting or confirming the hypothesis
Transformational leadership	Job satisfaction	0.48	5.86	It is confirmed
Transformational leadership	Empowerment	0.51	6.48	It is confirmed
Transformational leadership	Citizenship behavior	0.42	5.07	It is confirmed
Transformational leadership	Creativity	0.33	3.82	It is confirmed
Transformational leadership	Organizational commitment	0.48	5.89	It is confirmed

As it is observed in Table 2, standard coefficients have the required significance numbers (greater than 1.96) for all hypotheses and thus the hypotheses are confirmed.

Hypothesis 1. Transformational leadership style has a positive effect on employees' organizational citizenship behaviors.

Given to Table 2, the standardized coefficient between the two variables is equal to 0.42. Significance coefficient between the two variables is equal to 5.07 (greater than 1.96) that shows this relation is significant. Thus, H<sub>0</sub> is rejected and H<sub>1</sub> is confirmed. It means that transformational leadership style has a positive effect on employees' organizational citizenship behaviors.

Hypothesis 2. Transformational leadership style has a positive effect on employees' creativity.

Given to Table 2, the standardized coefficient between the two variables is equal to 0.33. Significance coefficient between the two variables is equal to 3.82 (greater than 1.96) that shows this relation is significant. Thus, H<sub>0</sub> is rejected and H<sub>1</sub> is confirmed. It means that transformational leadership style has a positive effect on employees' creativity.

Hypothesis 3. Transformational leadership style has a positive effect on employees' job satisfaction.

Given to Table 2, the standardized coefficient between the two variables is equal to 0.48. Significance coefficient between the two variables is equal to 5.86 (greater than 1.96) that shows this relation is significant. Thus, H<sub>0</sub> is rejected and H<sub>1</sub> is confirmed. It means that transformational leadership style has a positive effect on employees' job satisfaction.

Hypothesis 4. Transformational leadership style has a positive effect on employees' organizational commitment.

Given to Table 2, the standardized coefficient between the two variables is equal to 0.48. Significance coefficient between the two variables is equal to 5.89 (greater than 1.96) that shows this relation is significant. Thus, H<sub>0</sub> is rejected and H<sub>1</sub> is confirmed. It means that transformational leadership style has a positive effect on employees' organizational commitment.

Hypothesis 5. Transformational leadership style has a positive effect on employees' empowerment.

Given to Table 2, the standardized coefficient between the two variables is equal to 0.51. Significance coefficient between the two variables is equal to 6.48 (greater than 1.96) that shows this relation is significant. Thus, H<sub>0</sub> is rejected and H<sub>1</sub> is confirmed. It means that transformational leadership style has a positive effect on employees' empowerment.

### Ranking the effect of transformational leadership on its consequences

The standard coefficient of each factor shows its degree of effect on the dependent variable. Table 3 shows ranking of the effect of transformational leadership on its consequences based on the standard coefficient of each factor.

Table 3. Ranking of the effect of transformational leadership on its consequences

Rank	Dependent variables	Standard coefficient	Significance level
1	Empowerment	0.51	6.48
2	Organizational commitment	0.48	5.89
3	Job satisfaction	0.48	5.86
4	Organizational citizenship behavior	0.42	5.07
5	Creativity	0.33	3.82

Transformational leadership affects the following consequences respectively: 1) employees' empowerment, 2) employees' organizational commitment, 3) employees' job satisfaction, 4) employees' organizational citizenship behaviors and 5) employees' creativity.

### Results of testing the hypotheses and comparing them with previous studies

Hypothesis 1. Transformational leadership style has a positive effect on employees' organizational citizenship behaviors.

H<sub>0</sub> was rejected and H<sub>1</sub> was confirmed. It means that transformational leadership style has a positive effect on employees' organizational citizenship behaviors. This result is consistent with results obtained by Zahedi and Kheirandish (2009), Asgari et al (2008), Connell (2005) and Madho and Krishnan (2005).

Hypothesis 2. Transformational leadership style has a positive effect on employees' creativity. H<sub>0</sub> was rejected and H<sub>1</sub> was confirmed. It means that transformational leadership style has a positive effect on employees' creativity. This is consistent with results obtained by Dehghan (2009), Chiong and Wang (2011), Gomosologho and Ilso (2009) and Chen et al (2007).

Hypothesis 3. Transformational leadership style has a positive effect on employees' job satisfaction.

H<sub>0</sub> was rejected and H<sub>1</sub> was confirmed. It means that transformational leadership style has a positive effect on employees' job satisfaction. This is consistent with results obtained by Nourshahi (2010), Nikdel (2009) and Griffit (2004).

Hypothesis 4. Transformational leadership style has a positive effect on employees' organizational commitment.

H0 was rejected and H1 was confirmed. It means that transformational leadership style has a positive effect on employees' organizational commitment. This is consistent with results obtained by Sanjehi et al (2012).

Hypothesis 5. Transformational leadership style has a positive effect on employees' empowerment.

H0 was rejected and H1 was confirmed. It means that transformational leadership style has a positive effect on employees' empowerment. This is consistent with results obtained by Hasanpour et al (2012), Guil et al (2010) and Ozarali (2003).

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