

## **PREDICTION OF EMPLOYEE ORGANIZATIONAL LEARNING BASED ON THE LEADERSHIP STYLES (TRANSFORMATIONAL AND TRANSACTIONAL) AND SOCIAL CAPITAL AT ISLAMIC AZAD UNIVERSITY**

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### **ABSTRACT**

The main objective of this study is to predict the organizational learning based on the leadership styles (transformational and transactional) and social capital at Islamic Azad University. The statistical population in this study includes the employed staff in branches of Roudehen, Damavand and education centers of Pardis and Boumehen in 2012. 559 employees in branches are selected as the samples through random probability stratified sampling proportional to the size. In this research, the measurement tool includes 1) the 41-question Bass & Avolio leadership style questionnaire (1999) at five-point Likert scale equal to  $\alpha=0.93$  in this research, 2) Watkins & Marsick's organizational learning questionnaire including 43 items and three individual, group equal to  $\alpha=0.97$  in this study, 3) Abili's social capital questionnaire (2010) with 24 questions and cognitive, relational and structural dimensions equal to  $\alpha=0.94$  in this research. The analytical and descriptive statistics are applied to answer the research questions; thus the mean, median, mode, etc, are utilized in descriptive statistics and the "multivariate linear regression" and "path analysis" methods are applied for analytical statistics. According to the first finding of this study, there is a relationship between the leadership style and its dimensions with organizational learning. Based on the second finding, there is a relationship between the social capital and its dimensions with organizational learning; and according to the third finding, a model is provided for organizational learning based on the leadership style and social capital.

**Keywords:** *Organizational Learning, Transformational Leadership Style, Transactional Leadership Style, Social Capital*

### **INTRODUCTION**

Nowadays, the large and complex organizations of previous decades are applied no longer and are like the dinosaurs which were not able to adapt to the environment and thus were doomed to extinction. The large organizations have no power and flexibility to adapt to changes of surrounding environment especially the issues of globalization due to their traditional structures and thus they have to change the structure and become equipped with the tools for their survival. The institutionalization of organizational learning is one of the most important tools.

The manpower is considered as the most important, expensive and valuable capital and source of any company. The human is the only sensible element that plays the main role among other factors as the coordinator of other organizational factors.

In every organization, there is an undeveloped huge potential which can be properly used for creating the strategic changes in the organization and this ability can be navigated in line with organizational vision and goals. To motivate this organizational resource in line with the strategic changes of organization, it is necessary to create the incentives in employees. This incentive can be created through the interaction between in the appropriate organizational structure. Therefore, the organizational hierarchy, organizational individuals and groups can create the relevant links to increase the organizational

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performance in organizational learning process. "Peter Drucker", the famous management thinker, argues that the knowledge is the key for organizational successes since now and also he mentions that the value is made through the innovation and production both of which depend on the utilization of knowledge. In other words, the man and knowledge are the key effective determinants in organizations.

Learning is as a resource and source of competitive advantage. Learning is associated with the change. In other words, learning should lead to the change in the behavior, otherwise it is useless. In this regard, "Peter Senge" argues that the organizations, wherein all employees seek to enhance their abilities and the conditions for this purpose are created by managers, are successful in this era. This professor considers the organizational learning as a process and a set of measures leading to the employees' learning and involving the certain organizational behavior applied in learning organization. In fact, all learning conditions become available to members and the individuals take continuous efforts to change what they have learned. Here, the self-change matter is raised.

The organizations may have committed themselves to providing training and development, but if they do not have the self-change ability for rapid and unexpected changes in the environment, it is likely to be vulnerable. This is the reason for failure of numerous international companies because the more an environment is competitive, the more the organization should be prepared to respond to the competitive environment (Araghi, 2003).

The leadership style and social capital are among the variables studied and proven for their efficiency by experts. Despite the fact that there are numerous studies in the field of relationship between the leadership style and social capital with employees' organizational learning, it cannot yet be definitively stated that whether there is a relationship between the leadership style (transformational and transactional) and social capital with employee organizational learning at Islamic Azad University? Therefore, the lack of a clear and definite relationship can become the source for final determination of this relationship. The clarification of this issue is significantly important because it makes the important applications in the field of management at Islamic Azad University. In this study, the leadership style (transformational and transactional) and social capital are the independent variables and the employee organizational learning is the dependent variable.

The purpose of conducting this research is to find the answers to this question whether there is a relationship between the leadership style (transactional and transformational) and social capital with employees' organizational learning at Islamic Azad University? In other words, it aims at understanding the relationship between the leadership style (transactional and transformational) and social capital with employee organizational learning in educational centers and units in Roudehen, Damavand, Boumehen and Pardis as well as providing the appropriate model for employee organizational learning based on the leadership style (transactional and transformational) and social capital.

According to the theoretical research principles, this study aims to answer the following questions:

1. Is there a relationship between the leadership styles (transactional and transformational) and social capital with employee organizational learning at Islamic Azad University?
2. Is there a relationship between the leadership styles (transactional and transformational) with employee organizational learning at Islamic Azad University?
3. Is there a relationship between the social capital and employee organizational learning at Islamic Azad University?
4. Is there a relationship between the employee organizational learning based on the leadership style (transactional and transformational) and social capital at Islamic Azad University?

## **MATERIALS AND METHODS**

This study has descriptive-correlative method according to the research variables. It is descriptive since it aims at describe an objective reality in real conditions and is analytical because the results of study on the statistical population are investigated through statistical methods. It is applied based on the objective since it seeks to apply the theories, regulations, principles and techniques, which are developed in the study, for solving the real and executive issues.

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### Statistical Population, Sample and Sampling Method

The statistical population of this research covers the administrative employees in Roudehen and Damavand Units in addition to the educational centers of Boumehen and Pardis in 2012. 559 employees are selected from the units by random probability stratified sampling proportional to the sample size.

### Measurement Tool

The following questionnaires are applied to collect data: 1- The 41-question Bass & Avolio leadership style questionnaire (1999) at the five-point Likert scale with dimensions of Charismatic behavior (Questions 1-5), Perfectionism behavior (Questions 6-9), Inspirational Motivation (Questions 10-11), Intellectual Stimulation (Questions 12-15), paying attention to individual differences (Questions 16-19), leadership based on the contingent reward (Questions 20-24), active leadership by exceptions (Questions 25-30), passive leadership by exceptions (Questions 31-36), and non interventional leadership questions (Questions 37-41) and equal to  $\alpha=0.93$  in this study. 2 -Watkins & Marsick's organizational learning questionnaire including 43 questions with three individual (questions 1 to 13), group (questions 14 to 19) and organizations levels (questions 20 to 43) and equal to  $\alpha=0.97$  in this study. 3- Abili's 24-question social capital questionnaire (2010) with cognitive (questions 1, 5, 10, 15, 18, 22), relational (questions 2, 4, 6, 7, 8, 11, 13, 14, 17, 23, and 24) and structural dimensions (questions 3, 9, 12, 16, 19, 20, and 21) equal to  $\alpha=0.93$  in this study.

### Data Analysis Method

The descriptive and analytical statistical methods are applied to answer the research questions. The mean, median, mode, etc are utilized in descriptive statistical method, and the "multivariate linear regression" and "path analysis" in analytical statistical method.

## RESULTS AND DISCUSSION

### Results

In this study, 367 samples are male, 215 female, 149 with diploma and associate degrees, 326 with bachelor and 96 with master's degree or higher, 396 single and 168 married.

**Table 1: Distribution of central indexes and dispersion of leadership style variable and its dimensions**

	Leadership style	Transactional leadership	Transformational leadership	Perfectionism influence	Perfectionism behavior	Created Motivation	Intellectual Stimulation	Paying attention to individual differences	Leadership based on the contingent reward	Active leadership based on the exceptions	Passive leadership based on the exceptions
<b>Mean</b>	119.02	31.96	53.56	10.46	10.92	10.91	10.80	10.48	10.91	11.15	9.91
<b>Middle</b>	120.00	32.00	55.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	10.00
<b>Mode</b>	116	31	58	11	12	12	12	12	12	12	11
<b>SD</b>	20.557	5.533	11.105	2.614	2.520	2.581	2.520	2.602	2.602	2.362	2.956
<b>Range of changes</b>	132	51	60	12	12	12	12	12	12	12	36
<b>Minimum score</b>	45	12	20	4	4	4	4	4	4	4	4
<b>Maximum score</b>	177	63	80	16	16	16	16	16	16	16	40
<b>Total score</b>	70222	18953	31816	6226	6497	6492	6416	6236	6479	6626	5895

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The respondents' lowest experience belongs to those with 1 year of experience and the highest belongs to those with 30 years of experience. Most of the people have the experience of 12 years. A half of respondents have the experience of equal to or less than 8 years and another half have the experience more than this amount. The average experience of statistical sample is equal to 9 years. According to the overall assessment of employee experience variable, it should be noted that this variable has desired status due to its proximity to normal distribution in studied sample.

According to the Table 1, the minimum score of leadership style is 45, the maximum is 177 and the total score is 70222. According to the overall assessment of leadership style and dimensions of transactional and transformational leadership styles in branches of Islamic Azad University, it should be noted that the proximity of this variable and its dimensions to normal distribution indicate the proper status of this variable at Islamic Azad University. It is suggested taking better measures to improve this status for tendency to a normal distribution in transformational leadership style.

**Table 2: Distribution of central and dispersion indexes of social capital variable and its dimensions**

	Capital Social	Cognitive	Relational	Structural
<b>Mean</b>	63.75	15.98	29.23	18.54
<b>Median</b>	65.00	16.00	30.00	19.00
<b>Mode</b>	72	18	33	21
<b>SD</b>	12.829	3.468	6.192	3.907
<b>Range of changes</b>	72	18	33	21
<b>Minimum score</b>	24	6	11	7
<b>Maximum score</b>	96	24	44	28
<b>Total score</b>	37868	9508	17389	11013

According to the Table 2, the minimum score of social capital is 24, the maximum is 96 and the total score is 37868. According to the standard deviation of variable distribution about 12.82, the "social capital" scores are spread around the mean.

**Table 3: Distribution of central and dispersion indexes of organizational learning variable and its dimensions**

	Organizational learning	Learning of Individual level	Learning of group level	Learning of organizational level
<b>Mean</b>	104.35	32.40	14.70	57.25
<b>Median</b>	110.00	34.00	15.00	60.00
<b>Mode</b>	118	39	18	61
<b>SD</b>	24.546	7.584	7.993	14.761
<b>Range of changes</b>	129	39	18	72
<b>Minimum score</b>	43	13	6	24
<b>Maximum score</b>	172	52	24	96
<b>Total score</b>	61981	19245	8746	34062

As shown in Table 3, the minimum organizational learning score is 43, the maximum is 172 and the total score is equal to 61981. According to the standard deviation of variable distribution about 24.854, the "social capital" scores are spread around the mean.

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### Research Questions

The regression model is utilized to answer this research question whether there is a relationship between the leadership styles (transactional and transformational) and social capital with organizational learning. The regression model and its equation are presented in the following.

**Table 4: Summary of regression model for relationship between the leadership styles (transactional and transformational) and social capital with organizational learning**

Multiple correlation coefficient	Multiple coefficient square	Adjusted correlation square	multiple coefficient	Standard error of Approximation
0.798	0.636	0.634		14.911

The table data and the coefficient of determination indicate that 63% of changes in organizational learning as the dependent variable are explained by the leadership styles (transactional and transformational) and social capital as the independent variables.

**Table 5: ANOVA**

	Sum of Squares	Degrees of freedom	Mean square	F	Significance level
Regression	226733.126	4	56683.282	254.957	0.000
Residual	129615.540	583	222.325		
Total	356348.667	587			

The presented significance level in the table above is less than 0.01 according to the f value 254.95 indicating the confirmed regression model, thus the dependent variables are able to predict the changes in the independent variables.

**Table 6: The coefficients of independent variables in terms of standardized and non-standardized values**

Independent variable	Non-standardized coefficients		Standardized coefficients	T	Significance level
	B	Standard error	Beta		
Constant value	-14.811	4.073		-3.637	0.000
Leadership Style	0.974	0.177	0.813	5.494	0.000
transactional Leadership	-0.561	0.295	-0.126	-1.900	0.58
Transformational Leadership	-0.865	0.230	-0.391*	-3.764	0.000
Social Capital	1.058	0.058	0.552	18.102	0.000

*Some of these variables are negative due to low effect on the dependent variable, but they are effective in predicting the dependent variable because the significance level is less than 0.05.*

The multiple correlation between the leadership styles (transactional and transformational) and social capital with organizational learning indicates that the leadership style with beta value of 0.81, the transformational leadership with -0.39 and social capital with 0.55 can explain the dependent variable.

### Discussion

According to the first result of this study, there is a relationship between the leadership style and its dimensions with organizational learning. Aragón *et al.*, (2007) have found that the leadership has a significant intense relationship with organizational learning and indirectly affects the company's innovation and also the organizational innovation affects the organizational performance; and the organizational learning affects the organizational performance. Vera and Grason (2004) have found in



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their studies that the strategic leaders affect the organizational learning tools and the transformational leadership has a relationship with organizational learning. The research by Kurland *et al.*, (2010) indicates that the principles of transformational leadership predict the organizational learning process at school. The research by Amitay *et al.*, (2005) confirmed the role of organizational managers in determining the effectiveness of organizational learning. Furthermore, the research by Singh (2010) indicates that the consultative and participative leadership style has a positive relationship with organizational learning, but the supportive leadership style has a negative relationship with it. The findings of study by Aragón-Correa *et al.*, (2008) indicate that there is a positive relationship between the transformational leadership style and organizational learning. The research by Hardoin (2009) indicates that the principle leadership is a key factor in creating the conditions for organizational learning. The research by Ward king (2002) indicates that the transformational leadership behavior has a positive relationship with teamwork, focus on customer and commitment to continuous improvement and learning organization principles. His research findings (1997) indicate that the transformational leadership behavior can affect the individual and group learning.

According to the second finding of this study, there is a relationship between the social capital and its dimensions with organizational learning. The results of research by Wu and Vatasi (2005) clarify that the greater utilization of social capital will lead to the higher tendency to engage in practices of knowledge creation and thus higher intellectual capital. The results of study by Fang *et al.*, (2010) indicate that the social capital has a positive impact on the organizational learning mechanisms and thus leads to higher performance, technological functionality, managerial competence and satisfaction. Adams (2006) has found in his research that the social capital is associated with the organizational learning through the intermediary of another variable.

The survival and continuity of organizations and institutions depend on the employees' performance. The fundamental changes in the organizations have been accelerated in recent decades, thus they have made the organizations' management more complex than before. The role of labor has been considered very important in all areas of activity on organizations. Therefore, the human is the most important component in business and activity processes. High investment is made for enhancing the employee performance in various organizations.

If the organizations tend to survive in today's complex and dynamic world, they should harness and apply the potential forces. Nowadays, the creative and committed employees are considered as the most important sources of organizations. The labor is the basis of real wealth in an organization. Focusing on the employees' physical activities, the traditional organizations were willing to perform the works within a defined framework and thus the employee perform their tasks fast and without any question, but the current workplaces need the employees to make proper decisions and provide the creative solutions to existing problems, thus the employees should be capable and also take the responsibility for obtained results in an organization

On the other hand, the knowledge is considered as a competitive advantage and one of the most important production factors which should be managed in today's world. The knowledge is one of the most important intangible components applied during the organizational mechanisms and processes and it makes the innovation possible in the organizations. On this basis, it is essential to measure the knowledge and other intangible assets in organizational processes. In today's economy, the factors such as the revenue, profitability, and physical assets of organization reflect only a small part of success in the organization. The real wealth of organizations is the absorption and utilization of expert labor, their knowledge and skills, the internal processes of organization as well as its popularity. According to Zack's viewpoint (1999), the knowledge is the most important strategic source of business in the organizations. Therefore, the knowledge management has been significantly important with the aim at creating and sustaining the competitive advantage in business (Salvary, 1999).

The final finding of this study provides a model for employee organizational learning based on the leadership style and social capital and the results of this finding indicate the difference between this study and other domestic and foreign studies.

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