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## **AN EXAMINATION OF THE RELATION BETWEEN TRANSFORMATIONAL LEADERSHIP AND ORGANIZATIONAL IDENTITY; A CASE STUDY (PETROCHEMICAL OF ILAM PROVINCE)**

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### **ABSTRACT**

Present study intends to examine the relation between transformational leadership and organizational identity. Research method applied in this study is a survey-descriptive way. Population of study consists of all of 553 employees in petrochemical company of Ilam province among which 226 employees was selected through Cochran's formula as the sample of study. Data gathering tool applied in this research was questionnaire and descriptive statistics (average, SD. etc) and inferential statistics (Spearman correlation coefficient test, regression analysis, Friedman's test) were applied. Findings of study indicated that there is a significant relation between transformational leadership and organizational identity. Moreover, transformational leadership and its components have a significant effect. Results of Friedman's test show that transformational leadership dimensions are prioritized as individualized consideration, inspirational motivation, mental encouragement, and idealized influence respectively.

**Keywords:** *Transformational Leadership, Organizational Identity, Petrochemical Company of Ilam Province*

### **INTRODUCTION**

One of concerns of organizations and researchers during 4 recent decades has been leadership and they have tried to implement this phenomenon with a number of academic criteria (Avshagbmy, 2004). With current conditions that organizations are facing with global competitive environments, a need to fundamental changes and job innovations is felt. The power of global competition forces today's organizations to replace new methods after many years working with their routine ways and procedures so that those have no work stability would get some sort of relative stability to avoid staying behind at the field of global competition.

Most of these organizations apply change management skills and try to make fundamental changes inside the organization with a kind of special courage and bravery. Within such a condition, the role of transformational leaders would be more bold (Amirkabiri *et al.*, 2005). Therefore, the need for an appropriate leadership style that can correct and set organizational identity to direct organizational purposes seems vital for organizational success. In other words, the aim of present study is to find an answer to the question "is there a significant relation between transformational leadership and organizational identity?" and respecting to this structure has a high importance and has not been examined in company until now, "Is it possible to consider it as a suitable criterion for organizational identity?"

#### **Theoretical Considerations**

##### **Transformational Leadership**

It refers to a kind of leadership in which leaders have divine gifts and provide spiritual motivation and special attention for their followers and guide them through penetrating into their hearts (Choudhary *et al.*, 2012). Transformational leaders create a static organizational view, which necessitates a revolution in cultural values for reflecting more innovations. A transformational leader seeks for potential stimulations in the followers and satisfies their higher needs. Transformational leaders establish a mutual motivational relation, which transforms the followers into leaders. Therefore, transformational leadership is interactive and mutual (Duct, 2003).

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### Dimensions of Transformational Leadership

-Idealized influence: idealized influence consists the charismatic element of transformational leadership so that leaders apply strong ethical and behavioral models for their followers (Courland, 2010). The result of this kind behavior is leadership, trust, and confidence of followers in each other's behaviors and decisions (Judeh, 2010).

-Inspirational motivation: this factor describes those leaders who make motivations and increase the commitment through involving the followers in drawing future perspective (Arjnlya *et al.*, 2007). Inspirational motivation draws a clear picture of future, the future that is optimistic and accessible (Judeh, 2010).

-Mental encouragement: it is achieved when the leader helps the followers in reaching for innovations and creativity (Sanjaghi, 2000). Transformational leaders utilize followers' creativity and assumptions for challenge thinking (Courtland, 2010).

-Individualized consideration: it is appeared when leader devotes enough consideration to the followers' needs for achieving to more growth and would not withhold in supporting them. Based on this, leader takes some assignments for followers, which guarantees their development from various aspects (Sanjaghi, 2000).

### Organizational Identity

Today, one of most challenging organizational debates is organizational identity. This word includes some concepts, which have deep effect on life of people and society. On the other hand, it has a direct relation to thinking and behavior of employees. Organizational identity is a valuable concept, which is a hidden stimulus of most of group's activities and social attempts. In summary, organizational identity is fundamental structure in organizational events. It has been transformed into a hidden factor for most of organizational behaviors; therefore it has attracted increasing attention in the field of management researches (Navabi, 2011). Basic principles of social identity theory are considered as a base for conceptualizing organizational identity during two recent decades. In other words, organizational identity is a specialized form of social identity (Gutum *et al.*, 2004). Organizational identity is related to experiences and ideas, which the members have generally about organization. He says that organizational identity is something that employees think, infer, and feel about organization, and it is accepted as a common and usual understanding of values and transparent features of organization (Hetch, 1997).

**Table 1: A summary of recent researches relating organizational identity**

Author	Emphasis
Ashford and Miles (1989)	It introduces theory of social identity into the field of social studies and organizational identity
Daten et al (1994)	It extends the subject of social theory and places organizational identity into the field of management
Prat (1998)	It provides a broad e review consisting questions regarding organizational identity such as conceptual debates and literature and outputs of identity
Van Dik(2001)	Shows how to extend theory of social identity and increase understanding the concept of organizational commitment
Van Dik (2005)	It examined organizational identity and organizational combinations, link, commitment, dimensions and relation of identity determination with performance
Rikta (2005)	It offers a meta-analysis in researches on organizational identity and organizational commitment
Rikta and van Dik (2005)	It meta-analyzes different views regarding organizational identity

Source: Esfahani and Dehkordi (2013)

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### Literature Review

Transformational leadership was applied first by Danton (1973). Although this concept didn't get popular until classics applied it by Burns (Oshagmby, 2004). Theory of transformational leadership first applied by Burns (1978) with the aim of distinguishing n those leaders who have strong and motivational relations with subordinates and followers from those who are concentrated extensively on exchanging or interacting for making results (Duct and McFarlen, 2003).

N o	Research purposer	Name of author and year	Research results
1	Examining the effect of cognitive and affective trust in leader on organizational identity: mediating role of organizational trust	Muhamadzadeh <i>et al.</i> , (2013)	Affective trust and cognitive trust of teachers in managers of schools is effective on general trust in school. Among these two variables, affective trust in manager has a more predicative power for trusting in school that in relation between cognitive and affective trust of teachers in schools' managers and variable of organizational identity, general trust in school could be valid meditative variable.
2	Examining Relation between Transformational Leadership and Strengthening Organizational Innovative Dimensions in Organization of Physical education in Tehran	Norouzi (2011)	Results indicated that relation between style of transformational leadership and organizational creativity is significant. In addition, all of transformational leadership components have a significant relation with organizational creativity. Also, multiple regression analysis shows that among components of transformational leadership, idealized behaviors and individualized consideration have the most effect on organization innovation.
3	Seting identity coincided with employees monitoring	Tyre (2010)	Results show that employees identity can act as a hidden control and also examining literature of identity seting shows that individual and organizational identity play a role together in determining organizational identity
4	Examining the Relation between Organizational Identity, Social factors – demographic and Organizational Citizenship Behavior in Sports	Allahyari <i>et al.</i> , (2011)	Results indicated that there is a positive significant relation between organizational identity and citizenship behavior and its dimensions. Organizational identity is significant predicative factor for citizenship behavior and its dimensions.

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The concept of organizational identity introduced in 1985 by Albert and Whetten includes characteristics of an organization that members understand them as central, unique, and continuous characteristics of organization. Organizational identity tries to answer to the question, "As an organization, who we are?" Respecting increase of current organizations facing with the issue of change and in order to better management of complicated and turbulent environments, in which organization have to work, to offer a definition of organizational identity is important.

Organizations establish their identity through symbolic and verbal behaviors within certain fields and form those (Gholipour *et al.*, 2011). A literature review of previous research in this field is offered above.

## MATERIALS AND METHODS

### Methodology

Research method is applied way in terms of purpose, population of study consists of 553 employees working in Ilam petrochemical company, among which 226 were selected as sample of research through Cochran sampling formula. Data gathering tools were questionnaires, whose validity was confirmed by experts and a 85% reliability was determined for. 177 questionnaires were able to be analyzed. In order to analyze data, Kolmogorov – Smirnov test was applied. In addition, Spearman correlation test was used for normality of data and for evaluating the effect, regression analysis was applied. For prioritizing dimensions of independent variable, Friedman test in spss was utilized. In order to examining the relation between transformational leadership and organizational identity, the following boundaries were signified:

**A. Subject Domain:** Subjects are related to transformational leadership and organizational identity.

**B. Spatial Domain:** Spatial domain of research consists of all of employees of Ilam petrochemical company.

**C. Time Domain:** Data and information involved in this research are related to 2014.

Statistical sample consists of man and woman employees, whose data are as follows;

Among 177 subjects of study, 56.7% was man and 43.3% woman, also 30.9% was 20-30, 61.4% was 30-40, 6.3% was 40-50, and 1.4% was over 50.9.8% was high school diploma, 11.5% was associate degree, 53.1% was bachelor, 22.9% was master, 2.8% was PhD. 26.9% had under 5 years of work experience, 52.55 had 6-10 years, 6.7% had 11-15 years, 0.2% has 16-20 years, and 1.1% had over 20 years work experience. In order to evaluate variable of transformational leadership, standardized questionnaire was utilized, whose alpha coefficient was 0.81. In addition, for examining organizational identity, a standardized questionnaire was applied; whose alpha coefficient was 0.88. in order to testing validity of items, face validity was applied and for examining this validity, opinion of experts, academic teachers was utilized and finally the questionnaire was designed based on Likert 5-point scale ranging from strongly agree to strongly disagree.

### Inferential Statistics

**Table 2: Testing data normality**

Factor	Significance level	Error value	Confirming hypothesis	Result
Mental encouragement	0.002	1.871	H1	Distribution is not normal
Idealized influence	0.001	1.974	H1	Distribution is not normal
Individualized consideration	0.000	2.149	H1	Distribution is not normal
Inspirational motivation	0.000	3.486	H1	Distribution is not normal
Organizational identity	0.000	2.560	H1	Distribution is not normal

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### Data Normality Test

In order to examining normality variables distribution, Kolmogorov – Smirnov test was applied. Null hypothesis in this test was normality if variable distribution. If statistic values of Z is smaller than value of normal distribution table, 1.96, hypothesis H0 is not rejected and distribution id normal. In other words, if sig >5%, then H0 is not rejected.

H0: Distribution of data for every variable is normal.

H1: Distribution of data for every variable is not normal.

Respecting table results, significance level of research variables is smaller than 0.05, then it has no normal distribution and Spearman correlation coefficient is applied.

### Data Analysis

In order to test hypotheses, first significance level and then correlation of each components of transformational leadership on organizational identity is examined.

**Table 3: Correlation test of variables**

Organizational identity	Transformational leadership	Inspirational motivation	Individualized consideration	Idealized influence	Mental encouragement		
					1	Correlation Coefficient	Spearman test
					0.000		
					177	Sig	
						N	
				1	0.510	Correlation Coefficient	
				0.000	0.000		
				177	177	Sig	
						N	
			1	0.640	0.497	Correlation Coefficient	
			0.000	0.000	0.000		
			177	177	177	Sig	
						N	
		1	0.426	0.489	0.401	Correlation Coefficient	
		0.000	0.000	0.000	0.000		
		177	177	177	177	Sig	
						N	
	1	0.719	0.811	0.838	0.750	Correlation Coefficient	
	0.000	0.000	0.000	0.000	0.000		
	177	177	177	177	177	Sig	
						N	
1	0.448	0.630	0.248	0.341	0.199	Correlation Coefficient	
0.000	0.000	0.000	0.000	0.000	0.000		
177	177	177	177	177	177	Sig	
						N	

**Table 4: The effect of transformational leadership components on organizational identity**

Variable	Correlation coefficient	Determination coefficient	Adjusted determination coefficient	SD	sig
Transformational leadership	0.448	0.216	.213	0.612	0.000
Mental encouragement	0.199	0.053	0.053	0.672	0.000
Idealized motivation	0.341	0.126	0.124	0.646	0.000
Individualized consideration	0.248	0.061	0.058	0.669	0.000
Inspirational motivation	0.630	0.381	0.380	0.543	0.000

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Results of data analyzing show that there is a positive relation between transformational leadership and its components, mental encouragement, idealized influence, individualized consideration, inspirational motivation, and organizational identity. Since there is a significant relation between variables, the level of variables effect is examines below.

Results of testing hypotheses are offered in table 5.

**Table 5: Hypotheses testing results**

<b>Hypothesis</b>	<b>Research hypothesis</b>	<b>Result</b>
Main hypothesis	There is a significant relation between transformational leadership and organizational identity	Approved
Secondary hypothesis.1	There is a significant relation between mental encouragement and organizational identity	Approved
Secondary hypothesis.2	There is a significant relation between idealized influence and organizational identity	Approved
Secondary hypothesis.3	There is a significant relation between individualized consideration and organizational identity	Approved
Secondary hypothesis.4	There is a significant relation between inspirational motivation and organizational identity	Approved

**Table 6: Prioritizing dimensions of transformational leadership**

<b>Dimensions</b>	<b>Rate average</b>	<b>Rate</b>
Individualized consideration	2.67	1
Inspirational motivation	2.55	2
Mental encouragement	2.45	3
Idealized influence	2.33	4

Respecting results of Friedman test, dimensions of questionnaire are prioritized as individualized consideration, inspirational motivation, mental encouragement, and idealized influence.

### **Conclusion**

Since the aim of present study is to examine the relation between transformational leadership and organizational identity in Ilam petrochemical company, the findings indicated that there is a significant relation at error level of 1% for main hypothesis, which refers to a significant relation between transformational leadership and organizational identity. This relation is strong and positive. Results obtained from testing secondary hypotheses showed that there is a positive significant relation between mental encouragement, individualized consideration, and inspirational motivation with organizational identity. These components are effective on organizational identity. Moreover, results of prioritizing questionnaire dimensions showed that individualized consideration has the most effect and idealized influence has the least effect on organizational identity. The results of present study are aligned to results of Tyre (2010) and Norouzi (2011). In this respect, the following suggestions are offered:

- To emphasize on research in the field of transformational leadership
- Transformational leadership can be effective on employees and develop newer work process, and apply newer ways for achieving various tasks. This may lead to increase of organizational creativity and innovation.
- Managers of Oil Company may induce pride and honor for cooperation in employees in the way of development and establishing idealized influence.
- Respecting needs of followers and making opportunities for their growth and promotion to the higher level og personality development.
- To offer rewards to members with the aim of risk-taking and flexibility.



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