

# Investigating the relationship between transformational leadership and employees' productivity in Shiraz Special Economic Zone

Iraj Soltani<sup>1</sup>, Mohammad Reza Pajoohi<sup>2</sup> and Abolghasem Ebrahimi<sup>3\*</sup>

1- Faculty member, Islamic Azad University, Sciences and Technology Branch

2- Faculty member, Accounting Department, Shiraz University

3- Faculty member, Management Department, Shiraz University

*Corresponding author:* Abolghasem Ebrahimi

**ABSTRACT:** The aim of this study is to analyze the relationship between two variables, transformational leadership and employees' productivity, in Shiraz Special Economic Zone. The population of the study consisted of all 35 executives in staff offices of Shiraz Special Economic Zone during 2012. Data gathered via questionnaire. Instrument validity was confirmed by content validity and its reliability was supported by cronbach alpha of 0.83. The productivity questionnaire includes seven dimensions: competence, cognition, organizational support, motivation, feedback, credit and adoptability. The results indicated a positive and significant between transformational leadership style and employees' productivity. ( $p < 0.05$ ,  $r = 0.707$ )

**Keywords:** transformational leadership, employees' productivity, Shiraz Special Economic Zone.

## INTRODUCTION

The main asset of every organization is its human resources. If the human factor be omitted from an organization, what will remain would be factors such as building, machineries, equipment, raw materials and so on, which are not useable by themselves and has no value. People is the most valuable organizational asset which never appears in balance sheets and profit and loss statements while the organizations' profitability is materialized by people and people are considered as supporters of organizational success. (Keshavarzi, 2009)

Although many countries enjoy tremendous natural resources, they are not capable of utilizing them due to lack of competent and qualified human resources. On the other hand, there are developed countries who have prospered to achieve wealth, growth and development without relying on natural resources and physical wealth. (Memar Tolooei, 2006). So, human resources should be treated very respectfully, because many years and capital have been invested for training and developing committed, knowledgeable and proficient people, and after many years of planning they have got to the pick of efficiency point. If they leave the organization, their absence could not be substituted in short time and it will seriously damages the organization. In another words, the supply of competent and efficient human resources is limited, time consuming and very costly and requires a huge amount of time, energy and expenditure. (Keshavarzi, 2009)

Human resources very soon could compensate financial losses in the organization through its actions and making on time and right decisions. In fact it always produces value added and profit and adds on the organizations' physical capital. Committed human resources provide benefit for the organizations much higher than the cost incurred for their training and development.

### *Literature Review:*

Javdani's survey, (2002) on the relationship between transformational leadership and organizational commitment of teachers, employed multi factors leadership questionnaire and organizational commitment questionnaire. The study revealed that there is a significant relationship between the degrees of transformational

ability of school principals and teachers' organizational commitment, but the relationship between the degrees of interactionism and teachers' organizational commitment is not significant. The results also indicated that among different factors of transformational leadership, charismatic leadership enjoys the greatest influence on teachers' organizational commitment.

A study entitled "Investigating the relationship between managers' transformational and exchange leadership styles and task orientation, and staffs' organizational commitment in Physical Education General Office of Golstan Province", conducted by Ali Choorli, (2005) the results were as follow: There is a positive and significant relationship between the managers' transformational leadership style and staffs' organizational commitment. Managers' exchange leadership style demonstrated a negative and significant relationship with staffs' organizational commitment. There is not a significant relationship between the managers' task orientation leadership style and staffs' organizational commitment.

Salamzadeh, (2008) in his descriptive and correlation type study employed sectional methodology to investigate the nurses' productivity working in different wards of Shahid Sadoghi Hospital in Yazd. Nurses' productivity was measured via a researcher constructed questionnaire after confirming its validity and reliability, and the quality of work life was measured by Brooks, (2001) questionnaire. The results indicated that the quality of work life and productivity level of nurses were lower than average. The results also revealed that there is a positive and significant relationship between quality of work life and productivity level of nurses.

Young, (2001) conducted an experimental investigation on the effects of transformational and interactional leadership on creativity in groups. In this due, participants in two nominal and actual groups conducted a brain storming assignment. Their performance was evaluated based on eloquence, fluency and flexibility criteria. It was revealed that participants under transformational leadership and in nominal group condition enjoyed a better performance comparing to their counterparts under interactional leadership and in actual group condition.

#### **Purposes:**

This research aims to investigate the relationship between transformational leadership style and employees' productivity in order to reveal whether this type of leadership style and its dimensions can predict changes in employees' productivity?

In fact, this study tries to provide answers based on gathered data to bellow questions:

Is there a significant relationship between the degree of managers' commitment to transformational leadership style and employees' productivity?

Is there a significant relationship between the degree of managers' commitment to interactional leadership style and employees' productivity?

### **MATERIALS AND METHODS**

This study is a descriptive- correlation type research. The population consisted of all 35 executives in staff offices of Shiraz Special Economic Zone during 2012. Data gathered via questionnaire. This questionnaire validity was reported 0.83 by Mshabbaki in 2005 and 0.89 by Zahra Haghightajo in 2006, and its reliability was supported by cronbach alpha of 0.94. This questionnaire's validity also reported 0.78 in 2001 by Alizadeh that is consistent with Robbins and Koniko productivity tests which was 0.76.

The reliability of the researcher constructed questionnaire was also evaluated and supported by cronbach alpha of 0.83.

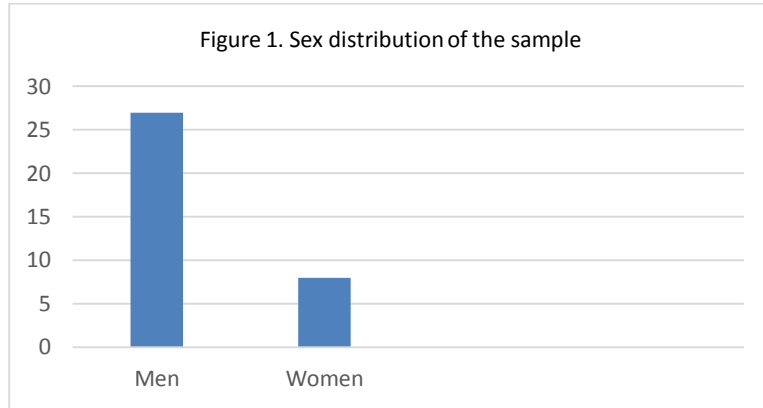
### **RESULTS AND DISCUSSION**

#### **Research findings:**

First, the sample of the study's descriptive characteristic is presented:

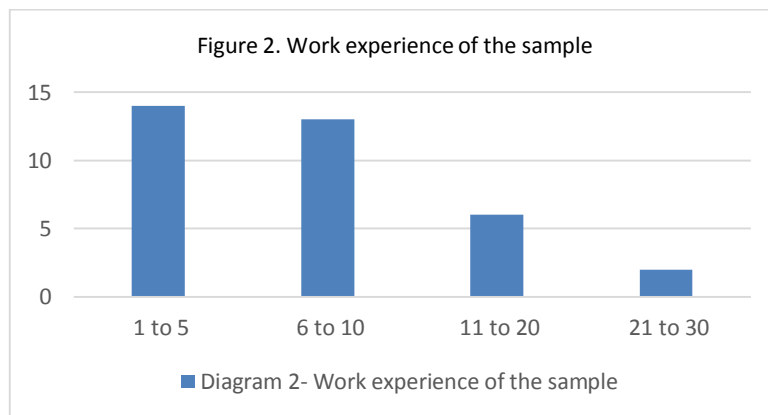
##### **5-1) Sex distribution**

The sample of the study consisted of 27 men (77.15%) and 8 women (22.85%). The below diagram (Diagram 1) illustrates sex distribution of the sample.



**5-2) Work experience:**

The sample consisted of 14 people (40%) with 1 to 5 years of experience, 13 people (37.5%) with 6 to 10 years of experience, 6 people (17.14%) with 11 to 20 years of experience and 2 people with 21 to 30 years of experience.



**Research findings:**

Main hypothesis: There is a significant relationship between transformational leadership style and productivity.

|                                   | Productivity |
|-----------------------------------|--------------|
| transformational leadership style | 0.727        |
| Sig                               | 0.000        |

According to the table, it could be deduced that there is a positive and significant relationship between transformational leadership style and productivity. ( $r=0.727$ ) and ( $sig < 0.05$ )

**Secondary hypothesis:** There is a significant relationship between productivity dimensions and transformational leadership style.

In order to test this hypothesis Pearson coefficient correlation was employed and the results are illustrated in table 2.

|            | Competence | Cognition | Organizational support | Motivation | Feedback | Credit | Adoptability |
|------------|------------|-----------|------------------------|------------|----------|--------|--------------|
| Leadership | 0.146      | 0.644     | 0.641                  | 0.514      | 0.653    | 0.709  | 0.420        |
| Sig        | 0.403      | 0.000     | 0.000                  | 0.000      | 0.000    | 0.000  | 0.000        |

The results of Pearson coefficient correlation indicates that there is no significant relationship between leadership and competence as one of the productivity of human resources dimensions. Also, among other dimensions namely: cognition, organizational support, motivation, feedback, credit and adoptability; according to the calculated coefficients and sig (2-tailed) which are lower than 0.05, it could be concluded that at the confidence level of 95 percent these dimensions have positive and significant relationship with leadership style. Among these dimensions the relationship between leadership and credit, considering its coefficient correlation of 0.709, is stronger than others.

## CONCLUSION

Table 1 illustrated that there is a direct and significant relationship between transformational leadership style and productivity at 5 percent of acceptance level.

Table 2 illustrated that among all dimensions of productivity, except competence, there is a positive and significant relationship with transformational leadership style.

Environment and the way managers behave towards employees play significant roles in determining employees' attitude and the manner of their activities, and finally in their productivity. The society can provide sufficient training facilities and decrease job pressures in order to bring a suitable mental and spiritual conditions for employees and consequently promoting their interest toward productivity.

Danayie (2006) suggested that there is a positive relationship between leadership styles and human resources productivity in Electric Distribution Company of Khorasan Razavi Province, and dominant leadership style of this companies managers according to 3 dimensional effectiveness theory of Reden, is weak relationship oriented. This consistency indicates the right path of this research.

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