

**THE RELATIONSHIP BETWEEN LEADERSHIP STYLE AND
EMPLOYEE PERFORMANCE**
(Case Study of Real Estate Registration Organization of Tehran Province)

Bizhan Shafie

Department of Public Management, Islamic Azad University, Rasht Branch, Rasht, Iran

Saeid Baghersalimi

Department of Public Management, Islamic Azad University, Rasht Branch, Rasht, Iran

Vahid Barghi

*M.A. of Business Management, Islamic Azad University, Rasht Branch, Rasht, Iran
(Corresponding Author)*

Abstract

The aim of this study was to determine the relationship between leadership style and employees performance in the Real Estate Registration in Tehran province. This research used descriptive correlation method. The study population comprised all staff in Tehran Real Estate Registration with 1000 number. Cochran method was used to determine the sample size and the sample number was calculated 277 one. Simple random sampling is used in this research. Data collection instruments included two questionnaires of leadership style and employees performance. To test the hypotheses, correlation method using SPSS software was used. And the results showed that development-oriented and pragmatic- oriented leadership style has a positive impact on employee performance and leadership style and non-interference is a negative impact.

Keywords: Leadership Styles, Employee performance

Introduction

In today's society, flow of life depends on the organizations and development and survival of community, work function and effective performance. Organizations have been established to address social needs and group activities. The main drivers of organizations are humans. They give life to the organizations and provide goals. So, human development and efforts and their lead to the attainment of the objectives is not possible without management. Since the first principle of organization is the presence of human, obviously the most basic step that must be done to accomplish this is to maintain personnel and provides the psychological satisfaction and fulfillment of employees. Throughout human history, always the developments and changes made by individuals and groups associated with the presence of a person as a leader. These actions have been undertaken under his guidance. Throughout history, leadership has been one of the pillars of human societies. When leadership is considered as a function, is an important component of management. And his presence and

the existence in the group is considered as a number of skills that these skills can be seen as a means or styles of leadership to achieve certain goals (Bennett & Anderson, 2003).

Leaders by take the necessary measures and establish human relationships to provide optimal use of human resources in their organization that among these measures we can refer to take correct leadership style. Obviously, every manager in their management and operations uses a particular leadership style that this style is actually a set of his behavior patterns that frequently occurs during the constant organizational working and others know him by it and as managers of the organization are in very cooperation with the staff, the leadership style of these managers has a significant impact on staff morale. And consequently, the staff morale will affect on their performance (Shirzad & Kebriya & Zanganeh, 2011). In fact, leadership is important for all organizations to achieve goals. Since leadership is a key factor for improving the performance of the organization, the success or failure of an organization depends on the effectiveness of leadership at all levels. Researchers have stated that leadership is an ability to influence attitudes, beliefs, and abilities of employees to achieve organizational goals. However, over the years, leadership has been had a major topic between the researchers but dramatic social changes that have occurred over the past two decades makes the issue of leadership and its relationship with other organizational factors more remarkable (Duckett & Macfarlane, 2003).

Transformational leadership style in new ideas is known as one of the effectiveness leadership style. The style has been composed of four dimensions of ideals influence, inspirational motivation, intellectual stimulation and individualized consideration (Storey, 2004). In fact, all of transformational leadership behavior (individualized consideration, inspiration, intellectual stimulation and charisma) that provide high-performance and active leadership has positive and high impact on employee satisfaction and improvement of organization situation (Hoy & Miskel, 2008). The study also sought to examine the relationship between leadership styles on the organization employee performance.

Among the different styles of leadership, development-oriented and pragmatic-oriented style has been most interest to researchers. Transformational-oriented leadership and pragmatic-oriented leadership are not two contradictory theories, rather they are complementary ideologies as both are introduced the Supreme Leadership forms (Stone Et al. 2004). But the two concepts are some different with each other. While both pragmatic-oriented and transformational-oriented leadership are emphasized on the influence and impacts, pragmatic-oriented is achieved to this effect by non-traditional ways that is being in the position to serve. Pragmatic-oriented leadership is greater emphasis on serving to followers and also is shown more confidence and freedom to subordinates. Transformational leadership is more emphasis on organizational goals, while servant leadership are emphasized and focused on the people who followed him (Stone Et al. 2004).

In the model of pragmatic leadership, leader motivation for leadership comes from the felt of equality between the leaders and subordinates. In other words, the belief system of the leader will force him to know himself on equal par with those leads. That is all members of the organization have equal and the same law, information and perspective and the role of the leader is facilitating the formation of the organization (Duckett & Macfarlane, 2003). Pragmatic leadership as transformational leadership with organizational mechanisms such as compensation, communication, organizational policies and procedures and methods create

psychological productive culture with spiritual, personal, productive, passive characteristics and tend to maintain the status quo that this culture makes that pragmatic leadership served more successful in the constant environments and in the in dynamic environments act more failure than transformational leadership and make appropriate this style of leadership for the period of peace and stability in the organization. In contrast, transformational leadership using organizational mechanisms such as compensation, communication, organizational policies and procedures and methods create dynamic empowering culture with characteristics of active, strong, and innovative. This culture cause that transformational leadership is the most successful acts in dynamic environments and the failure to act in constant environments than pragmatic -oriented leadership and make appropriate this style of leadership for a period of crisis or transition from the current situation and especially in changes periods. Given the importance of leadership can be said that one of the main barriers to employee performance is the lack of successful leadership. Effectiveness of employee performance is important because employees to ensure organizational survival (Noorshahi, 2006). Therefore, successful leadership is essential to the effectiveness of any organization, because the three factors that have been identified as the measures of organizational effectiveness are leadership and communication skills and the information skills of management (Grawford, 2005).

But one of the important topics that today some of the organizations are involved is ignoring the issue of organizational leadership that any damage in this relationship will lead to low employee performance. (Grawford 2005) in his research, entitled Transformational leadership, positions and staff functionality organizations found that there is significant relationship between employees performance and transformational leadership style. Also, there is a significant relationship between transformational leadership and organizational position.

Due to issues such as this and a little bit of research on this topic led researchers to study the relationship between leadership styles and their impact on employee performance. Perhaps in this way can take an effective step to eliminate these barriers and in turn to improved organizational performance. So the main question of the researcher is that how effective are leadership styles on employee performance?

Nowadays, organizations need to effective and efficient managers and employees to be able to achieve their goals in order to achieve all-round development. Director as the official representative of the organization is headed for coordination and increase productivity in the organization and success of the organization and realize of the goals depends on how practices of management and his leadership style effective. Appropriate behavioral pattern of the director in each organization creates a strong morale in the staff and increases their performance rate from their profession (Bennett & Anderson, 2003).

The increase of organization productivity and employee performance is not possible without effective application of employees' ability and their motivation and the one of the leadership skill is that to strengthen the creativity and innovation in the staff. Certainly, the managers leadership styles are very effective in right driving of the employees for organizational purposes. Use of the best style of leadership will lead to increased organizational effectiveness and efficiency. This research is therefore necessary to take steps to improve

employee performance, because the type of employee performance is prerequisites to organizational effectiveness.

In fact, if the manager has the skills and techniques to effectively manage the relationship with employees, motivation and Job satisfaction levels of the employees are also higher and given that the engine of an organization is its employees, this can effectively help to improve the performance of total organization.

The overall objective of this study was to determine the relationship between leadership style and employees' performance in the Real Estate Registration in Tehran.

Research Hypothesis

There is significant relationship between transformational leadership and employee performance.

There is significant relationship between pragmatic leadership and staff performance.

There is a significant relationship between laissez-faire leadership and employee performance.

Methods

Descriptive correlation method is used in this research. Because the researchers did not manipulate any of the variables and in this study, the researcher collected detailed and true data about a phenomenon and deals to identify and to examine the issues and conditions and the current events. Then the relation between predictive variables (leadership style) and the dependent variable (the staff performance) will review from the collected data. Then the relation between dependent variable and independent variable was examined and predicted through correlation tests.

The study population comprised all staff in Tehran Real Estate Registration with 1000 number.

Simple random sampling was used and was selected using a lottery. In this case, the names of all employees were taken through the list of The Real Estate Registration. Cochran's test was used to determine sample size. Sample size of 277 patients was calculated with a confidence level of 95%. Random sampling method is also used. Data collection instruments included two questionnaires:

1 - The Leadership Style questionnaires: The questionnaire was made by Bardnez and Metzkan. This questionnaire is composed of 35 questions that have been set in three styles of pragmatic-oriented leadership style, transformational leadership and laissez-faire leadership (Moghimi, 2000).

2 - Employee performance Questionnaire: This questionnaire is researcher-made and has 37 questions. In order to measure the reliability of the questionnaire, the Cronbach's Alpha was used. Cronbach's Alpha test results showed that the validity of the questionnaire was 0.777 that indicates the high validity of the questionnaire.

Findings

In order to answer the research question, Pearson correlation test by SPSS software was used.

H1: There is significant relationship between transformational leadership and employee performance.

Table (1) : Comparison of the transformational leadership and employee performance

Variables	Number	Average	Standard deviation	correlation coefficient	Level of significance (p)
employee performance	277	81/72	0/169	0/783*	0/002
transformational leadership	277	12/54	0/295		

According to the table above were determined that r obtained is significant at 0/05 alpha and the H0 hypothesis is rejected, because the significance level of the test ($p=0/002$) is smaller than the alpha test that is smaller than the value of 0/05. So the study question is approved. Therefore, there is significant relationship between transformational leadership and employee performance. Also, given that the correlation coefficient between these two variables is 0/783, it can be concluded that this relationship is significantly positive. The more managers use transformational leadership style in their leadership, the more employees' performance is increased.

Such research can be aligned with Bass and Bernard (2003), Eisenbach et al (2009), Yelder and Andrew (2004), Ashrafi (2006).

H2: There is significant relationship between pragmatic leadership and staff performance

Table (2) : Comparison of pragmatic leadership and staff performance

Variables	Number	Average	Standard deviation	correlation coefficient	Level of significance (p)
employee performance	277	81/82	9/36	0/159*	0/012
pragmatic leadership	277	7/62	2/51		

According to the table above were determined that r obtained is significant at 0/05 alpha and the H0 hypothesis is rejected, because the significance level of the test ($p=0/012$) is smaller than the alpha test that is smaller than the value of 0/05. So the study question is approved. Therefore, there is significant relationship between pragmatic leadership and employee performance. Also, given that the correlation coefficient between these two variables is 0/159*, it can be concluded that this relationship is significantly positive.

Also, according to the theory of Bern (1987), pragmatic leadership is composed a exchange relationship between a leader and a subordinate (Chairman and subordinate relationship) in which the subordinate person obtained rewards to basic needs (safety, belonging and

recognition) for compliance leader demands. In line with this research we can noted to Rejas and colleagues (2006).

H3: There is a significant relationship between laissez-faire leadership and employee performance.

Table (3) : Comparison of laissez-faire leadership and staff performance

Variables	Number	Average	Standard deviation	correlation coefficient	Level of significance (p)
employee performance	277	81/72	9/36	-0/460*	0/007
laissez-faire leadership	277	8/71	1/78		

According to the table above were determined that r obtained is significant at 0/05 alpha and the H0 hypothesis is rejected, because the significance level of the test ($p=0/007$) is smaller than the alpha test that is smaller than the value of 0/05. So the study question is approved. Therefore, there is significant relationship between laissez-faire and employee performance. Also, given that the correlation coefficient between these two variables is -0/460, it can be concluded that this relationship is significantly negative. The more managers use laissez-faire style in their leadership, the more employees' performance is reduced.

Conclusion

The findings showed that transformational leadership and pragmatic leadership impacted on the staff performance and performance will lead to increased and between these two, transformational leadership style is associated with higher relevant. In fact, these findings have important implications for managers. It should be noted that transformational leadership and pragmatic leadership are not two contradictory theories, rather they are complementary ideologies. Because both forms are introduced the supreme leader (Stone and others, 2004, p 359). Given to the effectiveness of each leadership style, if they integrate and operate both style can gain the benefits from it. Of course, it should always have in mind that sole reliance on leadership style can be damaging and potentially unintended consequences. For example, regardless of the motivation and creativity of the staff, pragmatic leadership will reduce employee motivation, satisfaction, work ethics and efforts that this will prevent their performance.

Also, a high reliance on transformational leadership and poor in provide rewards and direction can create confusion and ambiguity among the employees. From the other effects of leadership style in an organization can be noted that pragmatic leadership proved more successful in stationary environment and more unsuccessful in the dynamic environment than transformational leadership. In contrast, transformational leadership using institutional mechanisms such as compensation, communication, organizational policies and procedures

and methods cause to create dynamic empowerment culture with active, strong, dynamic and innovative characteristics. This culture lead transformational leadership to acts more successful in dynamic environments and in stationary environment failed to act than pragmatic leadership.

So it is important that managers combine both transformational and pragmatic leadership style with each other. In fact, leaders can increase motivate, effort and followers satisfaction with transformational leadership and rewards of pragmatic leadership. A leader must know how to manage (pragmatic leadership) and direct (transformational leadership) the organization. Management skills can help managers to more effective think about routines problems in the organization. While conducting skills (transformational leadership) can help him to provide feels and inspiration for the same problems.

The results obtained from laissez-faire leadership have suggested that laissez-faire leadership style leading to chaos in the organization and every person, for himself is a leader. It is not any improvement in the organization and will only lead to a reduction in staff performance, since every successful organization needs a leader that all employees act according to his view and in an organization that there is this leadership style, rather than a leader, there are a number of views and this leads to conflict and tension between workers which naturally leads to a decrease in performance.

In line with the present study can be pointed out to Akrami (2004), Lieunz.E and Schneider (2009), Dickinson and Adler (2007), Benjamin and Flavin (2006), Yong and Jang (2005). In these studies, the influence of leadership styles on efficiency, performance, motivation and staff morale examined.

According to the findings, the following suggestions are offered:

1-Due to the impact of transformational leadership and pragmatic leadership style, it is suggested that managers use a composition of transformational leadership and pragmatic leadership as a core managerial strategy in the organization.

2- It is suggested that managers to be trained to use both styles of leadership and along with the increasing need for new skills and competencies of leadership as a result of changes in community, leadership training program is more important than ever. Bass and Avolio (2004) stated that transformational leadership should be taught to all people at all levels of the organization to have a positive impact on the overall performance. On the other hand, studies have shown that training can lead to the strengthening of transformational leadership and pragmatic leadership. So, organizations should pay special attention to issues of education.

3-Since the planning and supervision is the action of performance, it is suggested to managers that to proceed organizational purposes have a careful and calculated planning and if pragmatic leadership and transformational leadership style interact with each other, the goal is to run faster.

Future research is also suggested that:1- In future research to evaluate the performance of staff in addition to questionnaires, other tools such as (interviews and observations) is used until the evaluation of managers teaching performance with more confidence reached a conclusion. 2- It is suggested that to accurate generalize the results, the studies corresponding this research done in other cities. 3- Given that the present study was not examining the dimensions of transformational leadership style, it is suggested that future researchers should examine each aspect with the staff performance.

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