

The Impact of Leadership Style on the Human Resources Efficiency in the Organization

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Article Info

Page Number: 233 - 242

Publication Issue:

Vol 72 No. 2 (2023)

Abstract: This study aims at investigating the impact of leadership style on the human resources efficiency in the organization. This study is applied in terms of objective and has the survey type according to data collection, and it is also the descriptive-analytical in terms of data analysis. The statistical population of this study consists of all managers and senior experts in National Iranian Oil Company and 120 subjects are selected as the sample size through Cochran formula due to the uncertain and high population size. The researcher-made questionnaire is utilized for evaluating the relationship between the research variables, thus it is applied for measuring Fiedler's leadership style with three indices of relationship-oriented, task-oriented and relationship-task oriented leadership styles as well as the human resources efficiency with three indices of learning and development, attraction and preservation of human resources. According to the obtained results, the leadership style has an impact of 94% on the human resources attraction, 71% on human resources learning and development, and 79% on human resources preservation. Therefore, the maximum impact of leadership style is on the human resources attraction.

Article History

Article Received: 15 February 2023

Revised: 20 April 2023

Accepted: 10 May 2023

Keywords: - Relationship-oriented leadership style, task-oriented leadership style, relationship-task-oriented leadership style, human resources efficiency, human resources learning and development, human resources attraction, human resources preservation

Introduction:

The development is fundamental, thus the organizations, which have the efficient and change-oriented managers or long-term perspective are able to adapt to these conditions and survive in competition. (Tabeli, 2011) To succeed in today's competitive world, it is essential to utilize the skills in both management and leadership aspects. The studies associated with the management and leadership styles indicate that these styles are considered as the strong and important variables for thinking about the managerial behavior and its impact on the manager's performance. (Mahram, 2009) On the other hand, the human as the constituent, designer and stimulant of organization is among the resources which have attracted the researchers' attention. (Dell T., 1999) The leadership style or behavior refers to the applied techniques for influencing and directing the other individuals' activities. The leadership style is a behavioral model which a person shows while seeking to affect the other individuals'

activities as it is understood by others. (Almasian, 2012) The leadership contingency theory is introduced by Fiedler in order to simultaneously comment about the leaders' character and complexity of situation. According to leadership contingency theory, the leadership effectiveness relies on the interaction of both factors. These factors refer to the motivational and personality characteristics as well as the leader's control and influence of target situation. (Luna, 2008) In other words, the effective leadership depends on the adaptability of leader motivation and a position in which the leader play his role. (Saatchi, 1998) According to Fiedler, the group members' degrees or levels of confidence and interest in the leader and their desire to obey his rules and guidelines are among the most important factors in determining the effectiveness of leadership. The structure of task is the second factor of leader's success. It refers to the degree or extent under which the tasks are analyzed or explained step by step for group members. The third power factor is resulted from the leader's position. (Rohi, 2008) Fiedler believes that the leader's leadership method or style is the main factor of leadership success. Therefore, he starts his career with determining the nature of leadership style or method. (Boyle, 1999) The effectiveness is obtained when the leadership style is implemented proportional to the position; and if the style is implemented disproportionally to the position, it is called the ineffective (Hersey, 2012). The leadership style is the followers' understanding of leader's behavior (Purfarзад, 2010). The efficient leaders do not only rely on a leadership style, the leadership style adapts itself to the situation. (Hill, 2008, Jumaa, 2008). Simultaneously with the dramatic changes, called the explosion of information, globalization and similar terms, occurring in the today's world, the type of attitude to labor and human resources are also changed as the major causes of these changes. (Shamsiri, 2010) None of the managers of this era have the instrumental look at human resources. The human resource plays the key and constructive role in promoting the missions, policies and strategies of organization and is considered as the pillar of organizational growth and survival. (Abolalaei, 2009) We live in an era where the organizations are becoming more complex and thus the role of human resources has become more critical in such these organizations. The effectiveness has broad meaning and definitions. The human resource efficiency aims at individuals' achievement of better qualitative and quantitative standards in assigned tasks and achieved goals. (Ghaffarian, 2009). Shamsiri (2010) has investigated the factors affecting the human resource efficiency and its ranking in Ahvaz Electrical Distribution Co. For the relationship between the individuals' cognitive abilities and job experience with job performance, Kolz (2008) has concluded that both variables of cognitive abilities and job experience have significant correlation with individuals' job performance and efficiency. In investigation of the relationship between the managers' leadership style and job burnout in staff at Lorestan University of Medical Sciences, Almasian (2011) has indicated that there is a significant inverse correlation between the managers' leadership styles and staff burnout with the confidence of more than 99%. Investigating the impact of management development programs on the head nurses' leadership style effectiveness, Farahani (2013) has concluded that the current described situation is still far from the ideal defined status at the effectiveness scale.

Leadership styles are related to employee performance (Megawaty et al. 2022), as are HRMPs (Dela Cruz and Cabaluna 2022). HRP, training, compensation, and OHS are HRMPs

that are important and relevant to study in the digital economy. The basic idea of high-involvement human resource management practices (HIHRMPs) is to increase employees' motivation by developing their knowledge, skills, and abilities directly towards organizational issues (Rubel et al. 2016). HIHRMPs help employees to participate in the creation of attractive practices in companies (Renkema et al. 2021). SMEs need IT skills to prepare their digital businesses and resources (Wiliandri 2020). However, studies on the relationship between LSs, HIHRMPs, and employee performance are difficult to find.

Given the above-mentioned issues, the main research question arises: How is the impact of organizational leadership style on the human resources efficiency?

Materials and Methods

This study is applied in terms of objectives and survey according to the data collection method; and it is also descriptive-analytical in terms of data collection. The statistical population of this study consists of all managers and senior experts in National Iranian Oil Company and the sample size is measured according to the following equation due to the uncertain and high population size:

$$n = \frac{Z_{\alpha/2}^2 P(1-P)}{\varepsilon^2}$$

Where, $Z_{\left(\frac{\alpha}{2}\right)}$ is the value of normal change corresponding to confidence level of $(1-\alpha)$ which is considered equal to 90%; this value is equal to 1.645 in this study. P is the ratio of sampling and is usually considered equal to 0.5; ε is the allowable error and is measured according to the results of pre-test and it has the maximum value of 0.05. Thus, the sample size is considered equal to 120.

$$= \frac{1.645^2 \times 0.5 \times 0.5}{0.09^2} = 120$$

The researchers-made questionnaire is applied to evaluate the relationship between the research variables, so that Fiedler leadership style is measured with three indices of relationship-oriented, task-oriented and relationship-task oriented leadership styles and also the human resources efficiency by researcher-made questionnaire with three indices of human resources learning and development, attraction and preservation. The research questionnaire is evaluated and analyzed for investigating the validity of research questionnaire in order to measure the content validity according to the scholars and experts' opinions. The reliability of questionnaire is measured through Cronbach's alpha coefficient. Cronbach's alpha coefficient is obtained equal to 0.815 in the preliminary sample of human resources efficiency questionnaire and equal to 0.869 (more than 0.7) in the leadership style questionnaire. Therefore, the reliabilities of questionnaires are approved.

Furthermore, the structural equation modeling and LISREL software are utilized to investigate the relationship between variables.

Findings

Research model using Lisrel structural equation

The estimated model through LISREL software is as follows:

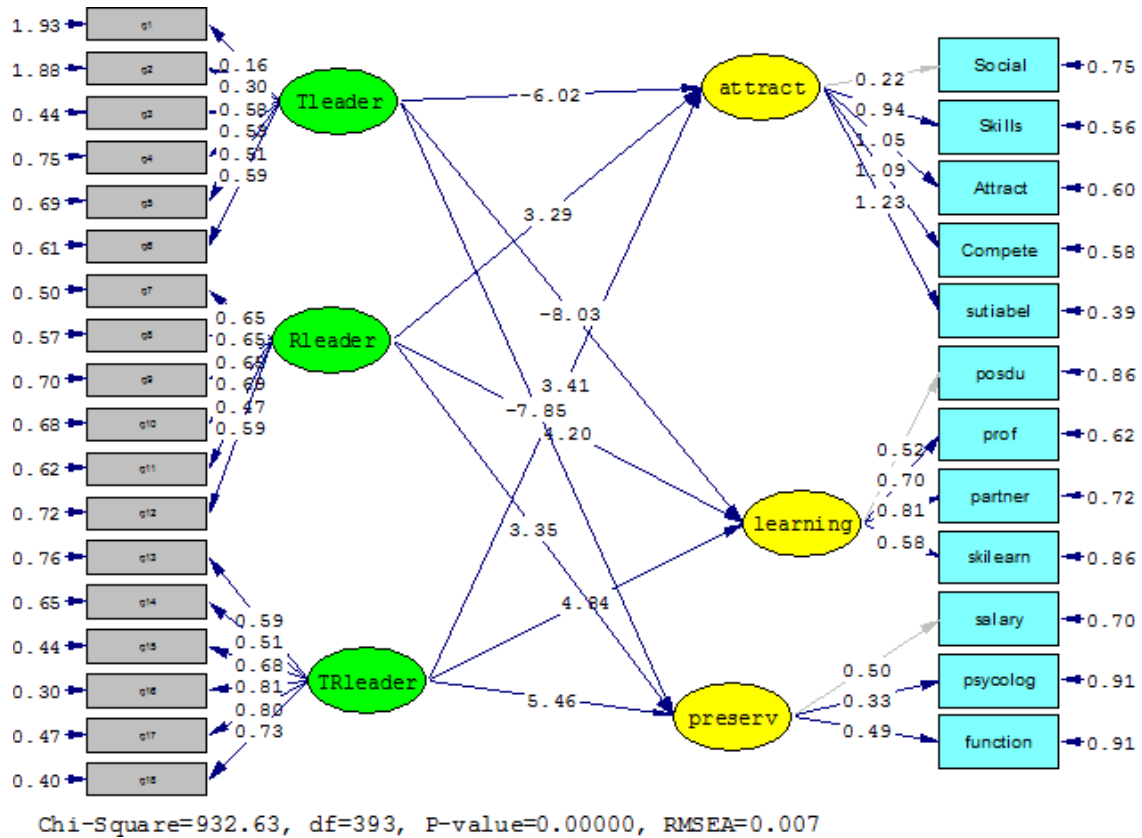


Figure (1): The main research model during the estimation of standardized coefficients

Figure 1 shows the structural equation modeling during the estimation of standardized coefficients. All variables in this model are converted into the latent and overt categories. The overt or observed variables (rectangular) are directly measured by researcher, whereas the latent or unobserved variables (oval) are not directly measured, but they are deduced based on the relationships or correlations between measured variables. Based on the factor loading, the index with the maximum factor loading plays the maximum role in measuring the relevant variable, while the index with smaller coefficients plays the minimum role in measuring the relevant structure.

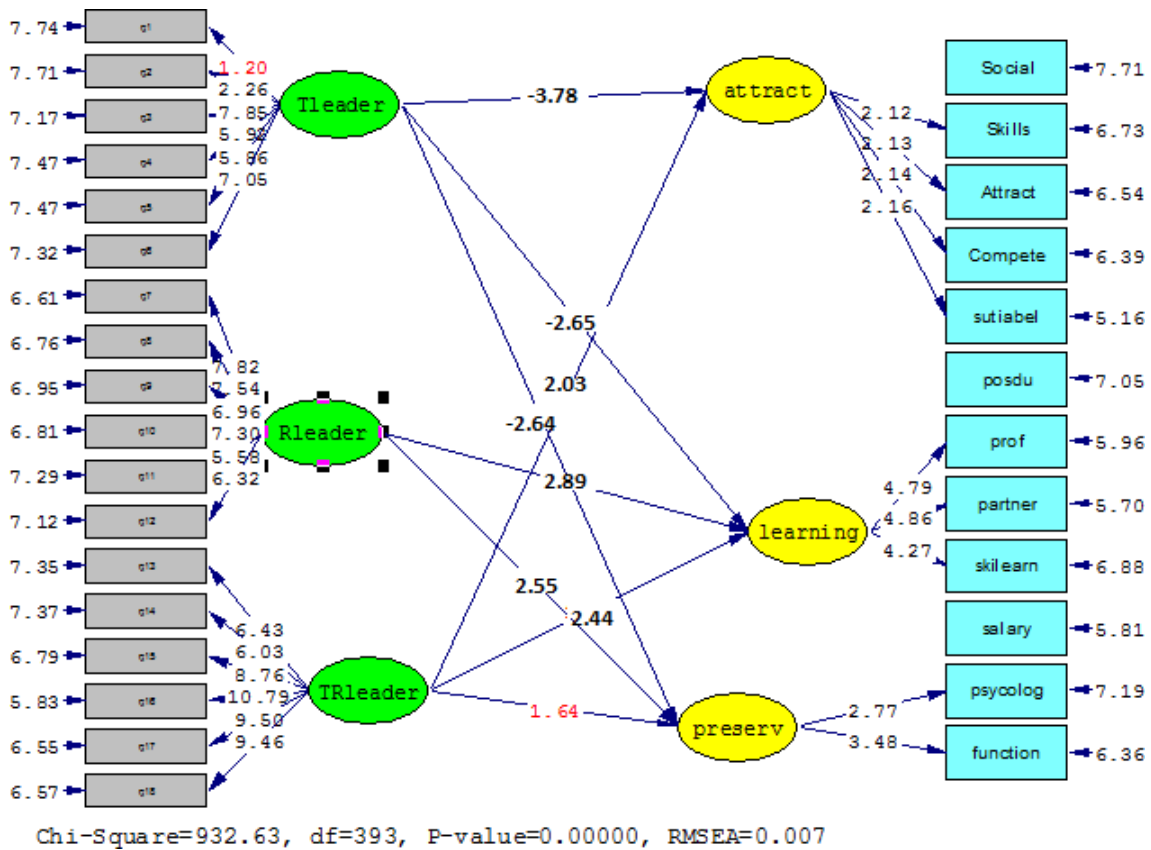


Figure (2): Structural equation model in significance level (t-value)

According to the obtained results, the research model is estimated as follows:

$$\begin{aligned}
 \text{attract} &= -6.02 \cdot \text{Tleader} + 3.29 \cdot \text{Rleader} + 3.41 \cdot \text{TRleader}, \text{ Errorvar.} = 0.029, R^2 = 0.94 \\
 &\quad -3.76 \qquad \qquad \qquad 2.02 \qquad \qquad \qquad 0.34 \\
 \text{learning} &= -8.03 \cdot \text{Tleader} + 4.20 \cdot \text{Rleader} + 4.84 \cdot \text{TRleader}, \text{ Errorvar.} = 0.32, R^2 = 0.71 \\
 &\quad -2.64 \qquad \qquad \qquad 2.88 \qquad \qquad \qquad 2.43 \qquad \qquad \qquad 1.67 \\
 \text{preserv} &= -7.85 \cdot \text{Tleader} + 3.35 \cdot \text{Rleader} + 5.46 \cdot \text{TRleader}, \text{ Errorvar.} = 0.24, R^2 = 0.79 \\
 &\quad -2.63 \qquad \qquad \qquad 2.55 \qquad \qquad \qquad 1.63 \qquad \qquad \qquad 0.75
 \end{aligned}$$

Figure 2 shows the structural equation modeling in significance levels of coefficients (t-value). In fact, this model examines all measurement equations (factor loading) and structural equations through the t statistic. According to this model, the path coefficients of all variables and factor loading are significant in standardized state at the confidence level of 95%. If the t-value is outside the range of -1.96 to +1.96, the significant model indicates that all factor loadings in these variables are significant at the confidence level of 95%. The calculated t values are above 1.96 for each factor loading of indicator with its latent variable or structure. Therefore, the consistency of questions in the questionnaire is confirmed for measuring the

concepts at this stage. Indeed, the results of table above indicate that what the researcher is seeking to measure by questions of questionnaire is achieved by this tool. Therefore, we can invoke the relationships between structures or latent variables. The fit indices should be studied in order to find to what extent the obtained values are consistent with the facts of model.

Model Interpretation

Table (2) Interpretation of structural equation model

Index	Main model estimates	Limit level
(Chi-square per degrees of freedom)	2.3731	Less than 3
GFI (Goodness of fit)	0.97	More than 0.9
RMSEA (Root mean square error of approximation)	0.007	Less than 0.09
CFI (Comparative Fit Index)	0.92	More than 0.9
NFI (Normed fit index)	0.96	More than 0.9
NNFI (Non-normed fit index)	0.93	More than 0.9
IFI (incremental fit index)	0.90	More than 0.9

Generally, each of the obtained indices for model in LISREL software are not solely the cause of fit and some of the resources have considered the value under 3 for the Chi-square per degrees of freedom and it is measured equal to 2.3731 in research model. The GFI indicates the relative value of variance and covariance explained by model. This criterion ranges from zero to one and the more this value is closer to one, the more the goodness of fit with observed data is enhanced. The value of reported GFI for model is equal to 0.97. The root mean square of residuals refers to the difference between the elements of observed matrix in sample group and the elements of approximation or predicted matrix assuming the accuracy of model. The values of NFI (Normed fit index), NNFI (Non-normed fit index), IFI (incremental fit index), and CFI (Comparative Fit Index) are utilized to investigate the performance of a model particularly in comparison with other possible models in terms of defining a set of observed data. The values above 0.9 for these indices indicate a very good fit of designed model compared with other possible models. Finally, the strong index of RMSEA (Root mean square error of approximation) is utilized to investigate how the target model combines the fit and saving with each other. The RMSEA index refers to Root mean square error of approximation. In this study, it is estimated equal to 0.007 for research model.

Table (3): Investigation of research hypotheses

Main hypotheses	Path coefficient (β)	t Statistics	Total Coefficient of determination	Significance level	Result of researcher's hypothesis
Investigating the effect of task-oriented leadership style on the human resource attraction	-6.02	-3.76	0.94	<0.05	Confirmed
Investigating the effect of relationship-oriented leadership style on the human resource attraction	3.29	-		-	
Investigating the effect of relationship- task oriented leadership style on the human resource attraction	3.41	2.02		<0.05	Confirmed
Investigating the effect of task-oriented leadership style on the human resource learning	-8.03	-2.64	0.71	<0.05	Confirmed
Investigating the effect of relationship-oriented leadership style on the human resource learning	4.20	2.88		<0.05	Confirmed
Investigating the effect of relationship-task oriented leadership style on the human resource learning	4.84	2.43		<0.05	Confirmed
Investigating the effect of task-oriented leadership style on the human resource preservation	-7.85	-2.63	0.79	<0.05	Confirmed
Investigating the effect of relationship-oriented leadership style on the human resource preservation	3.35	2.55		<0.05	Confirmed
Investigating the effect of relationship-task oriented leadership style on the human resource preservation	5.46	1.63		<0.05	Confirmed

The value of coefficient of determination (R Square) indicates that the indexes of leadership style have been able to affect the human resources efficiency. According to the obtained results, the leadership style has the impact of 94 percent in the field of human resource attraction, 71 percent in human resource learning, and 79 percent in human resource preservation, and as observed the leadership style has the maximum impact in the field of human resource attraction.

Furthermore, according to the results of table (3), the t values are more than 1.96 for the indices of leadership style on the dimensions of human resources efficiency except for the effect of relationship-task-oriented leadership style on the human resource preservation (according to the rule of five percent error in the area of null hypothesis rejection for values outside the range of 1.96 to -1.96 for each parameter model). Therefore, it can be concluded that the research hypotheses are confirmed at the confidence level of 95%. In other words, the leadership style has a statistical significant effect on human resource efficiency.

Conclusion

When an organization seeks to follow the human resource management, the management and employees should play the dynamic role in implementing the human resources activities. In recent years, the changed attitude to organization has been one of the major kinds of development in management. Nowadays, the success and profitability of organizations depends on the effective utilization of human resources. The real achievement as a leader or supervisor is achieved according to your skills in creating and sustaining the human organizations.

The leadership and management are often considered the same, but there is an important difference between them. The leadership is more inclusive process than the management. The management is a kind of leadership in which the achievement of organizational goals is more important. The basic difference between these two concepts is derived from their terms. Whenever you seek to affect the person or group behavior, regardless of the reason, the leadership occurs. This may be done for our own purposes or other individuals' purposes and may be compatible or not compatible with organizational objectives.

The leadership is a responsibility which should be constantly applied. It should be wisely utilized at all aspects and this is not the simple task. The leadership cannot be easily defined due to the complexities and unusual type of behavior. Therefore, it is not possible to accurately determine the causal reasons if leadership success in the particular time and place because the actual conditions of life are continuously changing and numerous variables and factors are simultaneously effective. The today's world is the world of organizations and the human resource is considered as the most valuable organizational resource for its authorities. The individuals are like the components that are living, thinking and feeling and these components work to achieve their goals in the organization. It should not be noted that these organizations give the meaning to the organization and provide the infrastructures for achievement of organizational objectives. Given the hypotheses above, it is inferred that the leadership style has the high correlation with human resource efficiency; in other words, the task-oriented leadership style has an inverse correlation with human resource efficiency, but the relationship-oriented leadership style has direct correlation with human resource efficiency.

According to the obtained results, the leadership style has the maximum effect on the human resource attraction and recruitment. Therefore, the intense competition is created among the organizations for human resource attraction due to the key role of human

resources. Paying attention to the employees' mental capabilities and creativity can succeed the leader in achieving the organizational goals and high effectiveness and performance. The manager's leadership style is influenced by his attitude to staff and subordinates and if he considers the staff as the subordinates, he probably utilizes the conservative and autocratic leadership style. However, if he considers the employees as the colleagues and assumes that he has only the higher responsibility than other employees, he probably utilizes the participative styles. Therefore, he should constantly consider the individual characteristics of these valuable resources as well as the organizational development and provide the infrastructures for optimal production and service by identifying their talents, abilities and participation. The research results can be utilized as the sources of information and statistics for authorities' planning. Furthermore, this research can be the infrastructure for conducting the studies on the effectiveness of leadership style to enhance the human resource efficiency. According to the obtained results, the following measures should be taken to achieve the ideal leadership by human resources assistance:

- Creating the competent groups instead of elites in the organization;
- Creating the equal opportunities for all employees to develop the inherent talents;
- Creating the think tank in the organizations to engage the higher numbers of employees and managers to achieve the organizational objectives;
- Giving the value to thinking potential in all individuals to achieve the participative leadership in the organization.

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