

## **Influence of Leadership Styles on Organizational Learning: Case Study of Private and Public Universities in Pakistan**

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### **Abstract**

*Leadership is to keep things in an absolute direction, its concern is not only related to the splendid acts but also keeps the team in a straight direction with the help of learning organizational procedures, and practices, and encouraging team members to achieve set targets with combined efforts. The focus of this study is to examine the role of transactional and transformational leadership in learning organizations by using Full Range Leadership Theory (FRLT). Transactional leadership is measured by three dimensions; contingent reward, management by exception-active, and exception-passive. Transformational leadership has four dimensions; idealized influence, inspirational motivation, intellectual stimulation, and individual stimulation. Feedback sought from faculty and non-faculty from public and private selected 10 universities (5 public and 5 private universities) in Pakistan, within the radius of Islamabad and Rawalpindi. Contingent reward in terms of transactional leadership, on the other side idealized influence, intellectual stimulation, and individualized consideration in terms of transformational leadership showed strong contributions to organizational learning. From comparative results, significant differences were noted in organizational leadership among these sectors. The study also confirmed the FRLT perspective that ended by providing a conclusion and future recommendations.*

**Keywords:** Leadership, Transactional Leadership, Transformational Leadership, Organizational Learning

### **Introduction**

Educational quality and success of the institutions are based on several factors but leadership and organizational learning are considered the most significant indicators that hold the development of the organization. On the other hand, the importance of individuals, teams, and organizations cannot be denied at any cost. A successful leader takes his organization to the heights of success including the characteristics of hard work, persistence, motivation, self-confidence, innovation, creativity, and learning of the organization itself. This is the reason that leadership is considered the most important role to initiate and ultimately enhance organizational learning (Popper & Lipshitz, 2000; Sun & Anderson, 2011).

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Leadership is the way of psychological safety that is the most important factor in organizational learning (Argyris & Schon, 1997). Organizational learning cannot be effective without a true role of leadership. However, there is a need to examine the existence of a true association between leadership styles and organizational learning. This research explores the influence of leadership styles, in the form of transactional and transformational, on organizational learning in public and private sector universities in Pakistan. The reason for selecting Pakistani universities for this study is that the curriculum is not considered as the international standard. As Higher Education Commission (HEC) in Pakistan working on the educational sector to improve its quality of education. But it is a fact that not a single university from Pakistan ranked among the top 200 universities of the World that suggested that Pakistani universities are true of quality leadership and to improve the learning quality. Based on this lack, this research work tried to examine the importance of two leadership styles (transactional and transformational) and their impact on organizational learning in higher education institutions.

The significance of organizational learning cannot be denied for a university's growth and survival (Rowley, 1998; Reece, 2004; Nakpodia, 2009). There is a need to explore the diversion of universities in the public and private sectors. Transformational and transactional leadership qualities are the main focusing factors in the realm of leadership in the past. The contradiction between leadership and organizational learning in literature (Khalifa & Ayoubi, 2015). Literature supports the idea that there is one dimension of inspirational motivation (transformational leadership) in organizational learning (Khalifa & Ayoubi, 2015). Another study supported another argument that different dimensions of transformational leadership have an influencing impact on organizational learning.

Several researchers proved that transformational leadership and organizational learning have a significant impact on improving the performance of the organization (Oluremi, 2008; Zagoršek, et al., 2009; Nafei, et al., 2012). While many researchers confirmed a positive association between transformational leadership and organizational learning (Vera & Crossan, 2004; Oluremi, 2008; Nafei, et al., 2012). The adverse association also examined the same relationship between transformational leadership and organizational learning (Amitay, et al., 2005). Different leadership styles have been observed in public and private universities (Arvonen, 2001; Andersen, 2010). On the other side, insignificant differences are also revealed in the literature on leadership styles in public and private universities (Khalifa & Ayubi, 2015).

Based on the contradictions in the literature, there is a need to investigate the impact of transactional and transformational leadership on organizational learning in the case of Pakistan; this is hardly found in the literature. This study is going to be the first of its kind in Pakistan's higher education institutions.

## **Research Questions**

1. Does transformational and transactional leadership styles influence organizational learning in public and private universities in Pakistan?

2. Does it contain variations in leadership styles between public and private universities in Pakistan?
3. Does organizational learning vary in public and private universities in Pakistan?

### **Research Objectives**

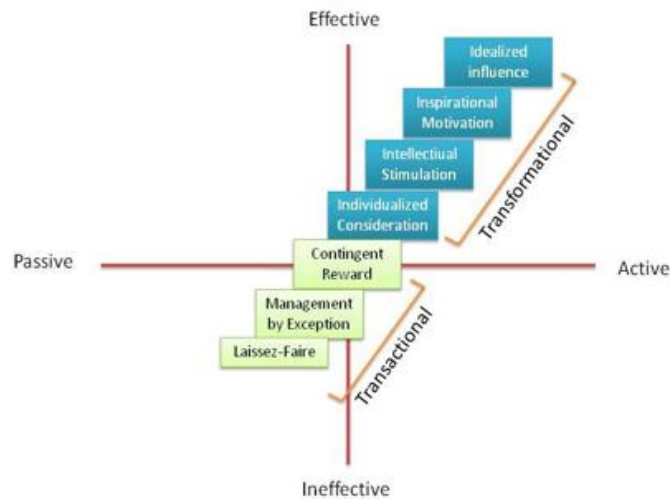
- To find the impact of transformational and transactional leadership on organizational learning.
- To examine the difference between public and private universities in Pakistan.
- To examine the extent to which organizational learning varies among public and private universities in Pakistan.

### **Literature Review**

The transformational and transactional types of leadership styles were first developed by Burns (1987). Later the same concept was expanded and developed the advanced form of this concept by Bass and Avolio (1994) commonly known as the theory Full Range Leadership Theory (FRLT) which classified leadership into different styles: transactional, transformational and laissez-faire leadership.

### **Leadership**

No definite and complete definition shows that leader and leadership are the same or not, this is the reason that mostly these two terms are explained separately and interlinked. Leadership is considered as the main role to complete any said task or project that is explained in variety. Advanced and successful nations are the result of dedicated and effective leadership quality (Wehrich, et al., 2008). This is the result of leaders who brought effective changes and influencing power to achieve goals (Robbin & Coulter, 2007; Wehrich, et al., 2008). Leadership is about setting the manners to achieve a goal while a leader is a person who inspires and influences others to complete the goal and also has executing power (Sun & Anderson, 2011). The role of a leader is related to organizational learning further is a person who has an effective role in empowering organizational learning (Popper & Lipshitz, 2000; Lipshitz, et al., 2002; Sun & Anderson, 2011). Meanwhile, literature also supported that transformational leadership has a meaningful amplification on transactional leadership (Howell & Avolio, 1993; Bass & Avolio, 1994). It is also supported in the literature that transactional leadership is a sub-section of transformational leadership (Wehrich, et al., 2008). Leadership styles consist of three leadership styles: transactional, transformational, and laissez-faire. However, this research work used two of their leadership styles: transformational and transactional leadership styles. It also observed that transactional and transformational leadership styles are the most concerning ways to measure leadership quality from the last 25 years (Judge & Bono, 2000).



**Figure 1: (Full Range of Leadership Model is presented by Bass in 1985 and later on developed by Bass and Alvolio (1995)**

### **Transformational Leadership**

Transformational leadership style encourages employees to recognize their efforts and influence towards accomplishing the organization's ends (Piccolo & Colquitt, 2006). Such a type of leadership assists employees to get to know their worth by assisting them with effective coaching (Dvir, et al., 2002). Transformational leaders guide employees with effective manners and empower their efforts by encouraging innovations and creativity during problems. The same kind of leaders pays deep concentration to their subordinates by forecasting intellectual stimulation, providing developmental ideas, encouraging employees for great looks and identifying commendable input (Wang & Howell, 2010). Dimensions of transformational leadership are: intellectual stimulation, idealized influence, inspirational motivation, and individualized consideration (Bass, 1985; Bass & Alvolio, 1994; Bass, 1998).

### **Transactional leadership**

Transactional leadership is another name for managerial leadership. Leader emphasizes discovering abnormalities and shortcomings in any task. They are always keen to work within the prevailing system and emphasize accomplishing the goals of the organization. The predetermined ground reality of a transactional leader is based between leaders and subordinates, while punishment and rewards are utilized as regulators (Durbin & Dalglish, 2003; Bass & Avolio, 1994). Transactional leadership is also considered as an association of exchange between dependent/dependents and leaders. The transactional style of leadership consists of three dimensions: exception-active, contingent reward, and management by exception-passive.

## **Organizational Learning**

There is a contradiction in literature in defining the concept of learning (Fiol & Lyles, 1985). Based on this contradiction, a question arises that it is obligatory to confirm the combined change in the action of learning (Fiol & Lyles, 1985; Easterby-Smith, et al., 2000). Literature diversion exists in conceptualization and organizational learning (Fiol & Lyles, 1985; Huber, 1991; Crossan, et al., 1995). Organizational learning is considered as an important indicator for a feasible competitive lead, which is the requirement of each company (De Geus, 1988). It is crucial to be elastic and adaptive for an incessant learning that helps to endure the efficiency to strive (Burke, et al., 2006). This is the well-said reality that there is a competitive advantage to organizational learning on commercial and nonfinancial acts and innovation (Bontis, et al., 2002; Jashapara, 2003; Jimenez-Jimenez & Cegarra-Navarro, 2007). Organizational learning is defined as the knowledge which develops with the help of the procedure and atmosphere of the organization (Çömlek, et al., 2012). Literature does not clearly define the progress of new and existing knowledge at Pakistani universities and its application on performance is missing. This research work is going to examine organizational learning under the lights of Huber (1991) and extended by Dimovski & Reimann (1994); Crossan (1995); Sanchez (2005); Kim (2009), who took organizational learning as a system that comprised of 4 sub procedures: distribution, acquisition, interpretation of information, and organizational memory.

## **Leadership and Organizational Learning**

The role of the leader is considered the epicenter of information for the team or organization. Transformational leaders enhance the expression and exposition of varied opinions and thoughts. They play the role of promoter and catalyst that helps to boost the acquisition and distribution of knowledge. Simply we can make an argument that transactional leadership eases and simplifies cognitive and behavioral variations, further variations in the organizational association caused due to organizational learning in preceding years which plays the most significant impact on organizational learning (Senge, 1990; Swieringa & Wierdsma, 1992; Lei, et al., 1999). On the other side, literature also augmented the theoretical advances highlighted with the contingent styles of leadership and organizational learning (Vera & Crossan, 2004). But favorable outcomes were also examined between transactional leadership and organizational learning (Brown & Posner, 2001; Amitay, et al., 2005; Kurland, et al., 2010; Nafei, et al., 2012). Transactional leadership is considered a more significant role of transformational leadership in higher education institutes that proceed long-run commitment which in turn leads to organizational learning (Patnaik, et al., 2013).

The role of transactional and transformational leadership in organizational learning in the higher education sector in Pakistan is hardly found in the literature. This study is going to fill this gap by selecting universities in Rawalpindi Islamabad, which are under the control of the Higher Education Commission (HEC) in Pakistan.

## Research Framework

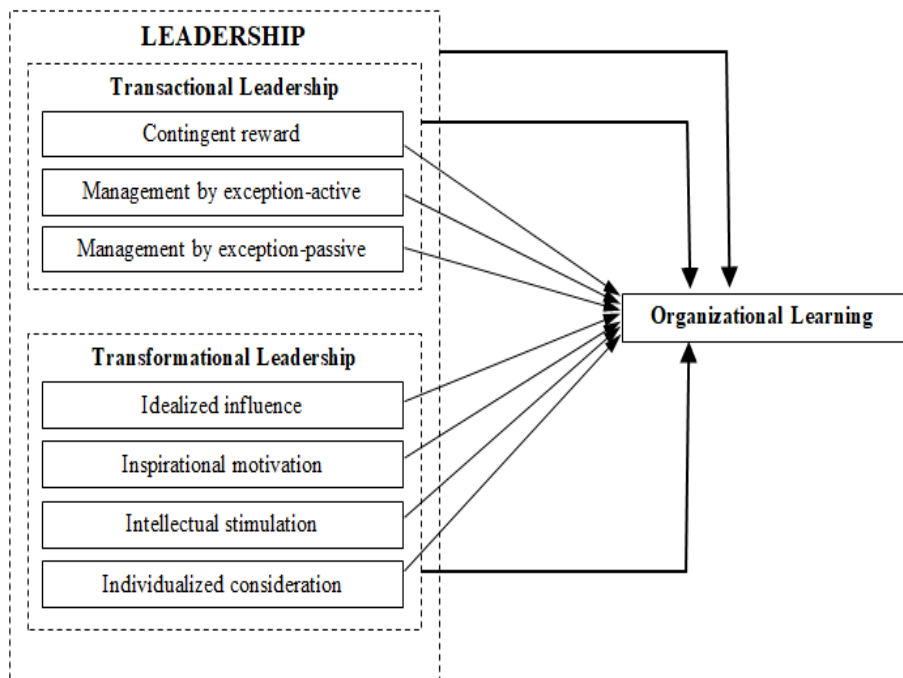


Figure 2: Research Framework

## Hypotheses

H1: There is a significant impact of transactional leadership on organizational learning in higher education departments in Pakistan.

H2: There is a significant impact of transformational leadership on organizational learning in higher education departments in Pakistan.

H3: There is a significant impact of leadership on organizational learning in higher education departments in Pakistan.

H4: There is a significant difference in leadership styles both in public and private universities in Pakistan.

H5: There is a significant difference in organizational learning in public and private universities in Pakistan.

## Research Methodology

This study used a deduction approach from general to specific, but to select this approach several hypotheses have been developed which confirmed the most suitable approach for educational perspective (Sekaran, 2003). The population of this research work consists of administrative and faculty staff of public and private universities. A convenience sampling technique was used to collect the sample data that is 400 in size. An Independent sample t-test was carried out to compare two sectors in terms of organizational learning.

## Results

### Regression Analysis

**Table 4: Regression Analysis of Public and Private Universities**

	Public Sector Universities				Private Sector Universities			
	$R^2$	$Adj. R^2$	$F$	$Sig$	$R^2$	$Adj. R^2$	$F$	$Sig$
Model-1	0.630	0.617	47.749	0.000	0.266	0.239	9.737	0.000 <sup>a</sup>
Model-2	0.588	0.584	143.235	0.000	0.226	0.218	28.145	0.000 <sup>a</sup>
Model-3	0.543	0.541	240.004	0.000	0.224	0.220	55.841	0.000 <sup>a</sup>

**Table 5: Fitness of Measurement Model**

Measurement Models	Absolute Fit Measures			Incremental Fit Measures				
	CMIN	RMSEA	GFI	NFI	RFI	IFI	TLI	CFI
Model-1	1.680	0.041	0.867	0.887	0.876	0.951	0.946	0.950
Model-2	1.993	0.050	0.836	0.861	0.853	0.925	0.921	0.925
Model-3	2.333	0.058	0.802	0.836	0.827	0.899	0.893	0.899

#### Analysis of Model 1

The value of R-square shows the coefficient of determination. The results of regression analysis of model 1 confirmed that the public sector has 61% variations on the dependent variable. Meanwhile, another independent variable private sector has 21% variations in the regressed model. Regressed results also confirmed the significance and overall fitness of the selected model, which was gauged by the value of the F-statistic.

#### Analysis of Model 2

Model 2 was designed by selecting organizational learning as a dependent variable, with transactional leadership and transformational leadership as the independent variables. Results showed that transactional leadership caused 58% variations in organizational learning in the public sector. On the other hand, the private sector variations are 21%. Results also explained that the model is significant, based on the F-value and confirmed the overall fitness of the model.

#### Analysis of Model 3

Results of the third model showcased in the table showed the relationship between overall leadership on organizational learning. Based on the results of R-square predicted a 54% variation in organizational learning explained by overall leadership. While 22% variation in organizational learning was explained by overall leadership in the private sector in Pakistan. F-statistics confirmed the significance and fitness of the selected model for both public and private universities in Pakistan.

### Conclusion

This study concludes that transactional leadership and transformational leadership both have a significant influence on organizational learning in the context of higher

education in Pakistan. This helps to make an argument that leadership has a significant impact on organizational learning. This significance is not only limited to the public sector, private sector organizations also showed significant output for contingent reward and individual consideration. This study confirmed that there is no significant difference in leadership styles. Meanwhile, organizational learning differs and has significant output in the case of public and private universities in Pakistan. The overall results also confirmed that the public sector played a leading role in organizational learning which is concluded on the results of correlation and regression analysis.

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