

## **THE EFFECT OF TRANSFORMATIONAL LEADERSHIP ON ORGANIZATIONAL IDENTIFICATION AND PERCEIVED CORPORATE REPUTATION: A UNIVERSITY SAMPLE**

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### **Abstract**

This study has been done in a sample university to find out the effects of transformational leadership on organizational identification and perceived corporate reputation and to see whether organizational identification plays a part in this effect. To see the effects and to find out whether organizational identification plays a part in this effect, a survey was carried out on 214 academic and administrative staff of a private university. The results of the survey were analyzed through regression analysis. According to these results, there is a positive and significant relationship between transformational leadership, organizational identification and corporate reputation. Apart from this, it has been understood that organizational identification plays an important part on the relationship between transformational leadership and perceived corporate reputation.

**Keywords** : Transformational Leadership, Organizational Identification, Perceived Corporate Reputation.

**JEL Code** : M20

## 1. INTRODUCTION

In our day, organizations do not only have common expectations of their employees; such as taking on their responsibilities seriously, committing themselves to their work, showing organizational citizenship behavior, but also they expect their workers to identify themselves with their organization and to see themselves as a part of that organization. The workers' identifying themselves with their organizations has certain benefits for the organization. The workers who have identified themselves with their organization have fewer tendencies towards resigning; they have an increase in commitment to work and they show higher performances. The way the employee feels he belongs to that certain company is reflected in the worker's behavior which goes hand in hand with the organization's targets and goals. (Öz and Bulutlar, 2009: 37)

Perceived Corporate Reputation can be defined as a way the organizations are recognized by the customers, the suppliers, the employees and their rivals. (Karakılıç, 2005: 183). In other words, corporate reputation is an expression of how much an organization is considered to be a trustworthy, reputable and reliable by its stakeholders and it covers all the evaluation that is formed through time. (Gotsi and Wilson, 2001: 29). The perceived corporate reputation of the workers of an organization or a management has always been considered as having great importance. (Şatır and Sümer, 2008:16).

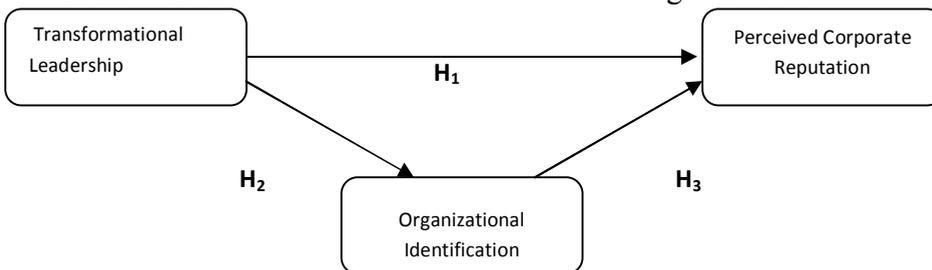
In our study, the effects of the transformational leadership on organizational identification and perceived corporate reputation are planned to be evaluated and the results to be discussed by the help of the data that is collected from the academic and the administrative staff.

## 2. CONCEPTUAL FRAMEWORK

**2.1. Transformational Leadership (TL):** TL, which is our study subject, can be defined as a way of leadership that aims performance beyond the subordinates' expectations by transforming their emotions, thoughts, beliefs and values (Raferty and Griffin, 2004:334). The concept of TL was first used in the middle of 1970's when the terms management and leadership were started to be treated as different concepts (Arslantaş, 2007:82). The early studies about TL started with Burns (1978), it went on with Bass (1985) who made it measurable and understandable. The behaviors of TL assessed in different numbers of dimensions by many writers, are examined in four dimensions in our study with a Multifactor Leadership Questionnaire (MLQ) which was developed by Bass, Avolio and Jung (1999).

**2.2. Organizational Identification (OI):** OI (Ashforth and Mael, 1989) is defined as the perception of belonging to the group or being within the group in success or in failure. The worker who identifies himself with his organization has a deeper devotion and higher job satisfaction but less tolerance towards ambiguities in his duties. The employee who identifies himself with his organization considers the success and the failure of the organization as his own (Gümbek, 2007:1). As a result, the workers who identify themselves with the organization will have higher commitment and more trust; they will have less family -work disputes and eventually they will perform better and will contribute more to the organization. By the help of this improvement, the organization will reach success in a short time by spending less.

**2.3. Perceived Corporate Reputation (PCR):** We can define the RCR as a combined expression of the worker's opinion of the people about the organization (Smidts, et al, 2001) and the image of the organization through its stakeholders' eyes (Argenti & Druckenmiller, 2004: 369). The PCR, which is one of our study subjects, is determined by the internal customers', in other words, the workers' perspectives. The compounds that make up the internal customers' or the workers' perceptions of the PCR are organizational operation, communication, trust, the quality of the service and social responsibility (Şatır and Sümer, 2008:13). In the university environment, where our study group exists, the corporate reputation perceived by the academic and administrative staff has a significant effect on the students which is the group they serve for. The increase in the satisfaction of these students leads to an increase in the success of the organization.



The hypotheses that take place in the study are as follows:

**H1:** TL affects the PRC positively and significantly,

**H2:** TL affects OI positively and significantly,

**H3:** OI affects PRC positively and significantly,

**H4:** In the relationship between TL and PRC, OI acts as a mediator in a positive and a significant way.

### **3. METHOD**

#### **3.1. Sampling**

The study group consists of 522 academic and administrative staff of a sample university in Ankara. During the data collection process, the online survey was sent to 522 participants via e-mail and 214 of them answered the questions and took part in the study. 39% of the participants were women (N=84) and 61% (N=130) of them were men. 56% (N=119) of the participants were 40 or younger. 34% (N=72) of them have a high school education or less; 8% (N=17) of them are associates, 13% (N=28) of them have bachelor's degree, 14% (N=30) of them have master's and 31% (N=67) have doctor's degree. 44% of the participants are academics (N=94) –20 professors, 6 doctors, 21 assistant professors and 47 instructors. 56% (N=120) of the participants are administrative staff.

#### **3.2. Research Scales**

*Transformational Leadership Scale (TLS):* In the measurement of TL, the MLS (Multifactor Leadership Scale), which was developed by Bass, Avolio and Jung (1999) was used.

*Organizational Identification Scale (OIS):* In determining the level of OI, the 6-question OIS was used. It was developed by Mael and Ashforth (1992), used in many studies by Bhattacharya et al (1995); Mael and Tetrick (1992); Van Knippenberg and Van Schie (2000); Smidts et al (2001) and adapted into Turkish by Tak and Aydemir (2004).

*Perceived Corporate Reputation Scale (PCRS):* In measuring the participants' CRP, the related part of Mael and Ashforth's (1992) scale was used. In the scale there are eight questions. To show the validity and reliability of the scales, a factor analysis has been done and their Cronbach's alpha coefficients were measured. As a result of the factor analysis, it is understood that TLS consists of four factors as seen in its original form; which are charisma, ideal effect, mental encouragement and inspiring leadership. However, OIS and PCRS consist of only one factor each. The results of the factor analysis, their factor loads and Cronbach's alpha coefficients can be seen in Table 1. With these findings, we can say that the scales are valid and reliable.

Because the effect of OI on the relationship between TL and PCR is examined in this study, the arithmetical average of the factors' scores is calculated as the result of the factor analysis to evaluate these concepts. Therefore, for each participant, TL, OI and PCR scores are used as data in the reason-result relationship analysis.

**Table 1: Factors and Factor Loads**

| Scale | Factors                   | Factor Loads | Cronbah Alpha |
|-------|---------------------------|--------------|---------------|
| PCR   | PCR                       | 0,470-0,742  | 0,85          |
| OI    | OI                        | 0,592-0,812  | 0,88          |
| TL    | Charisma and Ideal Effect | 0,587-0,812  | 0,83          |
|       | Mental Encouragement      | 0,342-0,765  | 0,89          |
|       | Personal Interest         | 0,548-0,698  | 0,92          |
|       | Inspiring Leadership      | 0,421-0,796  | 0,85          |

#### 4. FINDINGS AND TEST OF HYPOTHESIS

As seen in Table 2, the findings which are gathered as the result of regression analyses done to test these three hypotheses, support the hypotheses statistically.

**Table 2: Regression Analysis Summary**

| Independent Variable | Dependent Variable | $\beta$ | t        | R     | R2    | Rev. R2 | F      | p     | Hyp.Result  |
|----------------------|--------------------|---------|----------|-------|-------|---------|--------|-------|-------------|
| TL                   | OI                 | 0,254   | 16,406** | 0,541 | 0,292 | 0,289   | 22,562 | 0,000 | H1 Accepted |
| TL                   | PCR                | 0,289   | 19,262** | 0,431 | 0,185 | 0,181   | 18,435 | 0,000 | H2 Accepted |
| OI                   | PCR                | 0,302   | 21,313** | 0,612 | 0,613 | 0,478   | 28,389 | 0,000 | H3 Accepted |

\*  $p < 0,05$ , \*\*  $p < 0,01$

To test whether OI acts as a mediator on the relationship between TL and PCR, the three-step regression analysis by Baron and Kenny (1986) was applied. According to this method, these conditions are required for a mediator factor:

1. The independent variable (TL) should have an effect on the dependent variable (PCR). 2. The independent variable (TL) should have an effect on the mediator variable (OI). 3. When the mediator variable (OI) is included in the regression analysis with the independent variable (TL), the independent variable's regression coefficient on the dependent variable (PCR) should decrease; whereas the mediator variable (OI) has a significant effect on the dependent variable (PCR).

If there is a decrease in the coefficient of the independent variable, then OI is considered as a partial mediator; and if there is no relationship or in other words, if it is not significant statistically, then OI is considered as a mediator. Apart from this, the relationship (whether there is any relationship or whether there is a decrease) between the dependent and the independent variables should be tested statistically. To analyze this, Sobel test should be used and the calculated z-score should be evaluated (Kenny at all, 1998).

The first condition H1 hypothesis and the second condition H2 hypothesis are provided. The analyses for the third condition can be seen in Table 3.

**Table 3: Regression Analysis Results:**

| Model                                                | Independent Variable | Dependent Variable | R     | R2    | Rev. R2 | $\beta$ | t        | F      | p     |
|------------------------------------------------------|----------------------|--------------------|-------|-------|---------|---------|----------|--------|-------|
| 1                                                    | TL                   | PCR                | 0,541 | 0,292 | 0,289   | 0,254   | 16,406** | 22,562 | 0,000 |
| The model in which the mediator variable is included | TL                   | PCR                | 0,713 | 0,508 | 0,503   | 0,158   | 11,231** | 38,537 | 0,000 |
|                                                      | OI                   |                    |       |       |         | 0,415   | 17,268** |        |       |

\* p<0,05, \*\* p<0,01

**Table 4 The hypotheses and the results of the study:**

| <b>Hypothesis</b>                                                                         | <b>Result</b>   |
|-------------------------------------------------------------------------------------------|-----------------|
| 1. TL affects PCR positively and significantly                                            | <b>Accepted</b> |
| 2. TL affects OI positively and significantly                                             | <b>Accepted</b> |
| 3. OI affects PCR positively and significantly                                            | <b>Accepted</b> |
| 4. In the relationship between TL and PCR, OI acts as a positive and significant mediator | <b>Accepted</b> |

## **5. CONCLUSION**

According to the results of the study, TL affects PCR and OI and OI affects PCR positively and significantly. These results are similar to the results of the studies done in this field before (Epitropaki and Martin, 2005:569, İşcan, Ömer Faruk, 2006:160, Zhu at all, 2012: 186, Öz and Bulutlar, 2009:35; Tak and Çiftçioğlu, 2009:100). There were no studies on the effect of TL on PCR.

Our study proves that the employees working with leaders having TL behavior have a high perceived corporate reputation. And this is really important because our study shows that one of the important factors that affect the employees' feelings towards their organizations is TL; which is a positive leadership behavior. This study and other studies prove that, the employees working for organizations with high OI, which is a result of the positive behavior of the employees' feelings towards their organizations, have a high PCR.

The analyses which were done to identify the role of OI as a mediator show that OI acts as partial mediator between TL and PCR. The employees, who work in organizations with TL behavior and high PCR, have a higher PRC by the help of OI acting as a mediator. In the light of these findings, it could be stated that a contribution has been made to the literature on TL, OI and PCR.

This study was made based on the administrative and academic staff of a private university. It could be useful to do studies on different sectors and various samples to make a generalization. For further studies on similar subjects, the researchers could be advised to do studies involving the work performance and organizational commitment variables with more samples and in different sectors.

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