



# The Effect of Leadership Based On Transformation and Market Orientation (Case Study: Tosee Va Taavon Bank)

Babak Sadeghzadeh, Mir Taher Pour Partovi\*

Department of Management and Economic, Buinzahra Branch, Islamic Azad University, Buinzahra, Iran  
*Corresponding author email:* [mtp2961@gmail.com](mailto:mtp2961@gmail.com)

**Abstract:** The present study examines the importance of organizational capabilities in the fields of achieving consistent development in such organizations. The study emphasizes the concepts such as leadership, market orientation and organizational commitment as the resources to achieve consistent development in banking industry. So, one can expect that leadership behaviors are the determining factors of organizational commitment of employees. The statistical population comprises of 34 employees working in Tose Va Taavon Bank across Tehran. The data were collected through the use of questionnaire. The results indicated that the leadership based on transformation had an effect on three components of market orientation.

**Keywords:** Tosee Va Taavon Bank, leadership based on transformation, market orientation

## Introduction

The world experiences a great deal of change. In case the change was not existed in the world, humankind would live the same animals do and no innovation could be created. If humankind were not characterized by flexibility in terms of reform and modification, they were remained in intellectual barrier. Change is the reality to which groups and organizations should draw their attention since the internal and external factors of organization are dynamic and make changes. Thus, organization are enforced to follow the same direction of existing condition. Transformation leadership is a type of complicated and dynamic process in which leaders are affected by the transformations. Transformational leadership style roots in charismatic leadership concept. The concept was first proposed by Weber who emphasizes the characteristics of leader derived from his charismatic characteristics. This type of leadership emphasizes on motivating people, valuing the people, instructing, getting perspective, empowering the others, establishing relationship, modeling, confidence and loyalty. Transformational leadership indicates on forming the followers towards the organizational goals and helping them reach these goals (Golparvar & Vakili, 2010).

## Transformational leadership

Leadership is a concept which has been under the attention of many researchers. Studies on leadership have been conducted and the main focus in these studies are the determining factors of effective leadership. Any of the researchers have addressed the notions of what type of leaders are, what behaviors they show, how they make changes in the organizations and etc. recently, the effect of emotions on followers has been neglected (Aragon-Correa et al., 2007). Transformational leadership helps the followers to improve the level of creativity and self-actualization of individuals for encouraging collective and organizational participants (Walumbwa et al., 2005).

## Organizational change

Generally, change is defined as the transferring of things from one level to another. This indicates that this concept means the replacement of people or things by proposing knowledge, capability, skill, and etc. From

one provision to another. Change means organizational activities are converted to different situation (Mogimi, 2006).

**Market orientation**

Market orientation is the core of management and solution of modern marketing. The business which improves the market orientation will lead to the improvement of market performance. Achieving supreme performance in organization lies in crating the competitive advantage and offering consistent value for customers. Such an affair enforces the organization to pave the way for essential behaviors. One can say that market orientation is the notion that provide effective behaviors to create value for customers and better performance. Market orientation involves customer orientation, competitor orientation and inter-task cooperation as well as long0term focus and benefit-making (Golipor, Hagigi., & Yarari, 2011).

Table 1. The results of measuring models and research structural model

Variables	Questions	Factor values	Cronbach alpha
Transformational leadership	Item 1	0.827	0.73
	Item 2	0.939	
	Item 3	0.840	
	Item 4	0.468	
	Item 5	0.793	
Customer orientation	Item 6	0.799	0.78
	Item 7	0.792	
	Item 8	0.823	
	Item 9	0.674	
	Item 10	0.491	
	Item 11	0.840	
Competitor orientation	Item 12	0.843	0.81
	Item 13	0.374	
	Item 14	0.852	
	Item 15	-0.496	
Inter-task cooperation	Item 16	0.604	0.86
	Item 17	0.875	
	Item 18	0.774	
Organizational commitment	Item 19	0.646	0.79
	Item 20	0.831	
	Item 21	0.890	
	Item 22	0.655	
	Item 23	0.909	

**Competitor orientation**

Competitor orientation is defined as the weak, strong points, capabilities and strategy of rivals and responding to the activities of competitors. Competition-based organization is the one which sets its performances and activities based on the actions and reactions. In such a situation, the competitor orientation company devotes its energy and time on prosecuting the movements of market and tries to find the policies over which it can have control. The organization trains its marketers to get the standby mode and monitor their weak points (Rahimnia, Kafashor., Porreza, 2013).

**Inter-task cooperation**

Inter-tnk cooperation means employing the organizational resources simultaneously in order to create value for customers” targets. Every individual possesses capability to create value for the customer, value creation for customer is both the responsibility of marketing and the other sectors should cooperate I crating value. Hence, inter-task cooperation involves formation of information, distribution of information and integrated use of organizational resources (Amirkafi & Hashemi, 2012).

**Definition of customer orientation**

Customer satisfaction, customer loyalty, customer preservation, customer knowing, customer confidence, customer respect are the terms used in this regard. Putting into other words, customer orientation involves the addressing of needs and expectations of customers. Contrarily, customer non-satisfaction means the event of customer interpretation of what has not been addressed (Sarmad, 2001).

**Design of the study**

The study is survey, applied and descriptive in terms of design, goal and quality of data collection. The statistical population comprised of 3800 employees working in Tehran Tosee Va Taavon Bank and the sample size was determined as 348. Using Cronbach alpha coefficient was estimated as 0.84 which shows a strong command of reliability.

**Inferential statistics**

Regarding the factor values and internal consistency of research items, the validity of each construct is confirmed and this indicates that each of the variables has been measured well.

**The structural model**

Having excluded the afore mentioned questions which were demonstrated by less factor value, the structural model was developed for the research variables (fig 2). Figure 3 presents the structural model in PLS algorithm form.

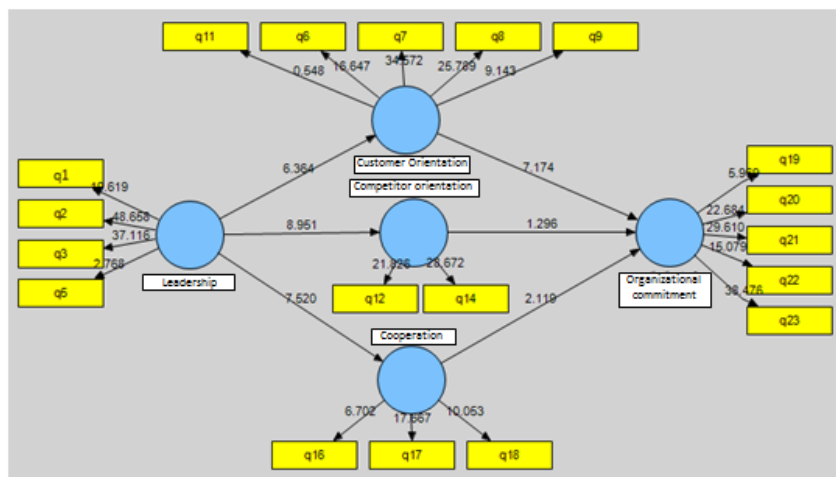


Figure 1. Structural model of the study (bootstrapping mode)

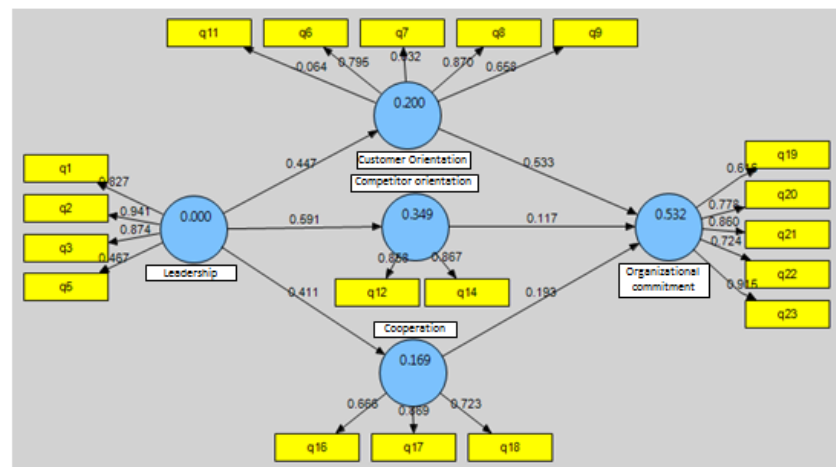


Figure 2. Structural model of study (LS algorithm mode)

Table 2 presents the results of structural model for testing the research hypotheses. Regarding the provided values for this table, when the significance is greater than 1.96 or less than -1.96 and the p-value is greater than 0.05, one can say that the hypothesis is accepted. Hence, all hypotheses are accepted except for hypothesis 6.

Table 2. Standard coefficient and significant values for research variables

Hypothesis	Direction			Standard coefficient	Significance values	Hypothesis result
Hypothesis 1	Leadership based on transformation	→	Customer orientation	0.447	6.364	accepted
Hypothesis 2	Leadership based on transformation	→	Competitor orientation	0.591	8.951	accepted
Hypothesis 3	Leadership based on transformation	→	Inter-task cooperation	0.411	7.520	accepted

The table above demonstrates that leadership based on transformation has direct effect.

First hypothesis: leadership based on transformation has a direct effect on customer orientation in Tosee Va Taavon Bank

Since the level of significance is 6.364, the hypothesis is accepted and there is a relationship between the two variables. The standard coefficient is 0.447 which shows the direct and strong correlation between leadership based on transformation and customer orientation.

Second hypothesis: leadership based on transformation has a direct effect on competitor orientation in Tosee Va Taavon Bank

Since the level of significance is 8.951, the hypothesis is accepted and there is a relationship between the two variables. The standard coefficient is 0.591 which shows the direct and strong correlation between leadership based on transformation and competitor orientation. So, it is suggested that competitor orientation of employees is given attention through employing the leadership based on transformation.

Third hypothesis: leadership based on transformation has a direct effect on inter-task cooperation in Tosee Va Taavon Bank

Since the level of significance is 7.520, the hypothesis is accepted and there is a relationship between the two variables. The standard coefficient is 0.411 which shows the direct and strong correlation between leadership based on transformation and inter-task cooperation. So, it is suggested that competitor orientation of employees is given attention through employing the leadership based on transformation.

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