

The Effect of Management Style on Organizational Health in terms of Organizational Climate: A Case Study in Toranj Gaz Company

Sadegh Sheibani

Department of Management, Naragh Branch, Islamic Azad University, Naragh, Iran
Email:sadeghshaibani@yahoo.com

Abstract

The present study aimed at investigating the effect of management (leadership) style on organizational health in terms of organizational climate (a case study of Toranj Gaz Company). To achieve the purpose of the study, the applied type of research and descriptive method were used. Statistical population comprised all staff (N: 210) working in Toranj Gaz Company in the city of Isfahan in Iran. Then, 136 staff was randomly selected as the research sample. 113 staff returned the completed questionnaires and constituted the participants of this study. The reliability value of the research questionnaire was measured higher than 70% of Cronbach's alpha coefficient and its validity survived the experts review. The data analyses were performed using descriptive statistics indices, including mean and Kolmogorov-Smirnov (K-S) test. All data were also transferred to SPSS software for analyses. The research variables involved management (leadership) style, organizational health, and organizational climate. Three 5-point Likert scale questionnaires were applied to find out participants' point of view regarding the variables. The results revealed that there was a significant relationship between managers' autocratic leadership style and organizational health (in terms of organizational climate) in Toranj Gaz Company. Additionally, Managers' compassionate leadership style and counseling leadership style were significantly associated with organizational health (in terms of organizational climate) in Toranj Gaz Company, and managers' participative leadership style was significantly correlated with organizational health (in terms of organizational climate) in Toranj Gaz Company as well.

Keywords: Management or leadership style, organizational health, organizational climate, Toranj Gaz Company of Isfahan

Introduction

All schools of thought, many different ideas and theories have highlighted the importance of employing tactic and organizing or coordinating the activities of an enterprise-management. This may be an indicative of the significance of the management issue. One of the experts in this field considered the management as being equal to growth, believing that good management would transform the weakest nations into the powerful ones. However, as any human needs to be healthy in order to survive and do human-related tasks, any organization needs to be organizationally healthy to achieve its defined goals as an organic and alive entity. If organizational health or any portion thereof is not provided, the conditions in which organizations can achieve their specified goals are undermined. In fact, a lot of international communities' goals is directly or indirectly associated with health issues in the Third Millennium. From the viewpoint of experts and scholars in our country (Iran), developing new approaches to management in all parts of an organization is the biggest challenge facing leaders of all organizations. In such circumstances, organizations, especially those in the field of health issues in our country, need more improvement in managerial field than other counterparts to increase their capabilities, improve continuously, and overcome their difficulties. Managers or directors play the key role in an organization. In other words, they are like the beaten heart of their organization, getting their ideas flowing in every part of their organization.

Leadership styles

Managers or directors play the key role in an organization. In other words, they are like the beaten heart of their organization, getting their ideas flowing in every part of their organization. Large companies are always proud of having capable and qualified managers such as Gates, Toyota, and Dell, for these individuals have been able to raise and keep their organization in the global arena. But here the point is how these people have managed to reach this level of knowledge and performance. Studies have shown that managers' leadership style would strongly affect the performance and effectiveness of their organizations. Benefitting from the great thoughts and ideas of such scholars as Blanchard, Dessler, and Likert, managers have been able to reach their organizational goals in line with the needs for their time and condition.

The style a manager- as a coordinator and director- adopt to do his/her assigned tasks and the way in which he/she perform his/her job will have the greatest effect on the performance of the duties and the degree to which he/she cooperates with other colleagues. That is, what guarantees the manager's highest organizational success rate is his/her behavioral style, his/her interaction with others, and the way he/she chooses to interact (Alagheband, 2001).

Empirical and research backgrounds

Hersey and Blanchard (1998) considered style and personality as the same, saying that leadership character or style is a behavioral model that a manager shows when directing the activity of others. This model generally includes task-oriented or relations- oriented behavior or the combination of two.

Based on statistical research findings of evaluating organizational health conducted in a Higher Education Collage, William Klinge (2000) introduced 11 components (11 separate but interrelated aspects) for organizational health, namely "*organizational health components*". These components are relationship, partnership and involvement in an organization, loyalty and commitment, credibility or reputation of an institution or organization, proper morale in an organization by creating a friendly environment, following morale principles, identifying or re-identifying the performance, goal direction, appropriate leadership, improvement or development of employees' efficiency, and proper use of resources.

In their research called "*collaborative decisions between the principal and teachers*", Berason and Mateosen (1993) draw a conclusion that a principal who involve teachers in decision makings will increase a sense of trust in his/her school as an organization and he/she will also prevent the conflict among teachers and between teachers and the principal as well.

Most empirical evidence has been provided in educational organizations and environments in Iran. Accordingly, no studies related to the topic have been found in non- educational organizations such as service, economic, and cultural ones. For this reason, most results of domestic studies are associated with educational organizations.

Ghods (2006) compared the organizational health in high schools among male and female students in the city of Sanandaj. He used Parsons' theoretical model and examined organizational health in terms of institutional unity, manager's influence, consideration, structuring, resource support, morale, academic emphasis of male and female students' schools in Sanandaj.

Mir-Jalili (2004) Studied and compared the relationship between organizational health (OH) and organizational climate in high schools of Yazd Province. He investigated the organizational health at organizational levels from his colleagues' point of view.

Afshari (2004) conducted a research entitled "*Comparison of Organizational Health among State and None- Profit High School female students in District 5 of Education in the City of Tehran from the teachers' point of view in Iranian academic year 2003-2004*". The purpose of her study

was to compare organizational health at organizational levels among state and none-profit high school female students in district 5 of education.

In a research named study on the relationship between managers' decision making style and organizational health in high schools of Isfahan, Mir-Jalili (2004), as quoted from Rohee (1998), found out that if managers make efforts to implement participative decisions, they will improve the organizational health of schools based on all aspects.

In a study entitled "Relationship between Organizational Health in Schools and Organizational Behavior Models among Teachers of Nahavand City", Mir-Jalili (2004), as quoted from Zamanian (2000), understood that there was a relationship between organizational health and a manager's work experience.

In his research entitled "Study on the Relationship between Organizational Health of Country's (Iran) Teacher Training Centers and their Students' Achievements", Ataee (2000) concluded that there was a significant difference in organizational health of teacher training centers having managers with different leadership experiment. Moreover, organizational health of these centers was significantly and positively correlated with their students' academic achievements.

In a research entitled "Study and Comparison of Organizational Health among State Vocational and Technical Schools for Male in the City of Tehran" and according to Parsons' theory, Shah-hossieni (1998) discussed organizational aspects and levels.

Statement of problem

Organizational health is one of the most telling and obvious index of « organizational effectiveness». Any underlying move towards organizational development and progress, business process improvement in any organization needs to understand the existing situation, to properly identify strengths and weaknesses, and to design deliberate plans to modify current affairs. However, a good managerial strategy depends on the familiarity of employees with their personal features and how to understand these features. Tranj Gaz Company as a service organization is no exception. The structure« health» means the absence of disease or failure in an organism. Lack of disease does not necessarily mean that the organism optimally perform because it may be healthy but does not perform its duties. So, the concept of organizational health should be entered into the realms of mental health and medicine.

Polanyi (2004), as quoted from Keith Davis, introduced healthy organization as "the one in which employees feel comfortable, do useful work, and achieve a sense of personal development".

Leadership is an issue that has long attracted the attention of researchers in every society although factors such as culture, time, experience, readiness for leadership, and understanding and evaluating priority and expectation affect the leadership style (Fallahi, 1997). Different studies have identified various management or leadership style. Results of empirical research have suggested that leadership is a dynamic process that can be changed not only from one stance to another one but also in terms of changes that may happen in leaders, followers, and other factors.

In his theory of *analysis of organizational factors and their impacts on the effectiveness of an organization*, Shadur(1999) grouped common leadership styles into four categories: colonial autocratic leadership style, autocratic compassionate leadership style, counseling leadership style, and participative leadership style. Gibson and others (1991) introduced three leadership styles, namely transformational, transactional, and laissez-faire (non-interference). A particular leadership style is not certainly suitable for all situations. Thus, a manager or leader can choose different styles in different situations to lead his/her employees based on prevailing culture of the organization and his/her employees' organizational maturity (Jasbi, 1998).

Selecting the appropriate leadership and managerial styles may have a significant effect not only on developing organizational health indices at three different levels of institutional, administrative, and technical, but also on seven aspects of organizational health that are being considered in this research.

Significance of the study

All schools of thought, many different ideas and theories have highlighted the importance of employing tactic and organizing or coordinating activities in an enterprise- management. This may be an indicative of the significance of the management issue. One of the experts in this field considered the management as being equal to growth, believing that good management would transform the weakest nations into the powerful ones. Alfred Marshal, an English scholar, stated that if all world’s capital and means of production are suddenly destroyed, while the art and science of management are in stable conditions, then the development, production, and progress will always go no. According to “Peter Drucker” management is a resuscitative part of life.

Here, according to the previous research, managers’ leadership style affects the employees’ motivation, organizational commitment, efficiency, effectiveness, and many positive aspects of management in organizations. The effect of managers’ leadership style on the employees’ organizational health in terms of organizational climate can also be investigated. Additionally, the purpose of this research first was to evaluate the organizational health in Toranj Gaz Company in Isfahan as a way of helping managers to remove existing shortcomings. Second, the dominant style of the managers’ leadership in Tehran Bargh Company was determined by which scientific strategies can be offered to managers to change their attitudes and leadership style through this research. Third, the findings of this research were helpful in explaining the relationship between leadership style and organizational health in terms of organizational climate.

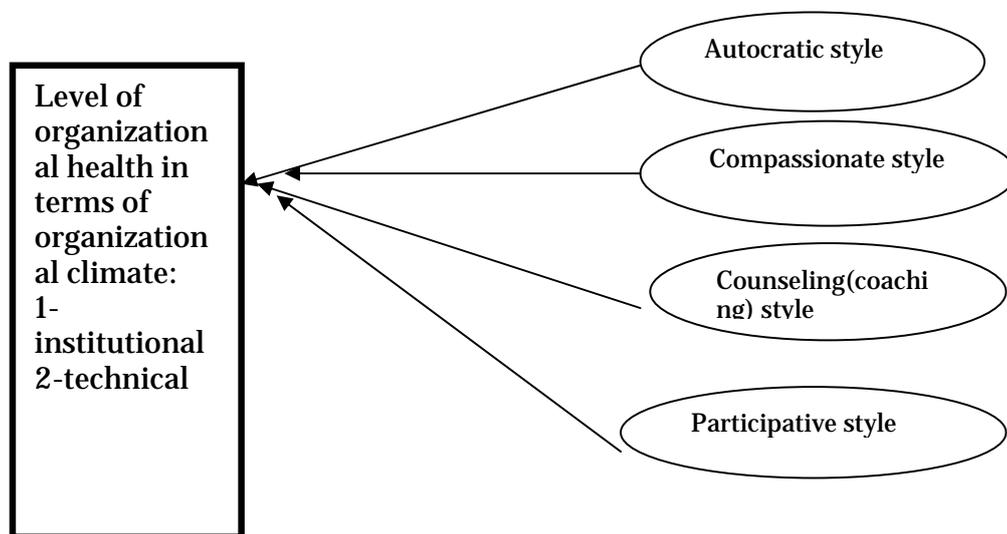


Figure 2. Conceptual model of the research

Methodology

This research had an applied purpose and a survey design with descriptive- correlation methods to collect data.

The research population and the sample size

The population comprised all staff, totally 210 individuals based on the latest statistics, (formal, contract-based, and informal such as third groups of workers, etc.) working in Toranj Gaz Company. 136 employees were selected using Morgan table. 113 completed questionnaires were returned in this research.

Methods for data collection and measurement tools

Research questionnaire, the most important and reliable tool in a survey, was used to collect data and information necessary to answer the questions and hypotheses posed for the research. Two standard questionnaires were used in this study including Organizational Health Inventory (OHI), and leadership style Questionnaire.

Validity and reliability

In this research, a number of questionnaires were distributed among a group of experts and professors in the field of professional management in order to validate each item in the questionnaire and express their ideas about necessary corrections.

A pre-test was conducted to test the reliability of the questionnaires. That is, 30 questionnaires were first administered to the research population. The questionnaires were then collected and data were transferred. The reliability coefficient (Chronbach's Alpha) was finally calculated. The coefficients for such scales as leadership style, organizational health, and organizational climate were found to be 0.79, 0.73, and 0.81 respectively.

Data analysis

Kolmogorov- Smirnov (K-S) test was used to test the normality of the variables. To apply statistical techniques, we have to determine that collected data are normally or non-normally distributed because when data are normally distributed, it will be possible to use parametric tests for testing hypotheses. Yet, if the distribution of data is non normal, we will have to use non-parametric tests for testing hypotheses.

Therefore, the results of Kolmogorov- Smirnov (K-S) test on each of dependant and independent variables were reviewed. Then, with the help of the results, appropriate tests would be chosen to verify the research hypotheses

Hypothesis testing

The data are normally distributed for variable i: H_0

The data are not normally distributed for variable i: H_1

Based on the following table, if the value of significance level is greater than the error value, the null hypothesis will be concluded, however; if the value of significance level is smaller than the error value, hypothesis 1 can be concluded.

Table 1: The results of testing normality of variables

Factor(variable)	Significance level	Error value	Hypothesis is confirmed	Conclusion
autocratic leadership style	0.221	0.05	H_0	normal
Compassionate leadership style	0.222	0.05	H_0	normal
Counseling leadership style	0.107	0.05	H_0	normal
Participative leadership style	0.552	0.05	H_0	normal

Based on the results from the above table, it was displayed that significance level of all factors was found to be greater than error value (0.05). Accordingly, those variables or factors are normally distributed.

Cronbach's Alpha coefficient

Null hypothesis: confident level (reliability) of the questionnaire is acceptable.

Hypothesis 1: confident level (reliability) of the questionnaire is not acceptable.

Statistical hypotheses

H₀: Alpha ≥ 0.70

H₁: Alpha < 0.70

Table 2: The reliability of the questionnaire

Factors(variables)	N of items	Chronbach's alpha
Leadership style	26	79
Organizational health	44	73
Organizational climate	30	81

According to the above table, Null hypothesis is accepted because Alpha ≥ 0.70. That is, the reliability of the questionnaire is acceptable.

Hypothesis 1: there is a significant relationship between managers' autocratic leadership style and organizational health (in terms of organizational climate) in Toranj Gaz Company.

Null hypothesis (H₀): there is no significant relationship between managers' autocratic leadership style and organizational health (in terms of organizational climate) in Toranj Gaz Company.

Hypothesis one (H₁) there is a significant relationship between managers' autocratic leadership style and organizational health (in terms of organizational climate) in Toranj Gaz Company.

$$\left\{ \begin{array}{l} H_0: P=0 \\ H_1: P \neq 0 \end{array} \right.$$

Based on the table, if the value of significance level is greater than the error value, the null hypothesis will be concluded, however; if the value of significance level is smaller than the error value, hypothesis 1 can be concluded.

Table 3: Correlation coefficient between managers' autocratic leadership style and organizational health (in terms of organizational climate)

Autocratic leadership style	Organizational health(in terms of organizational climate)
	Pearson's Correlation= 0.554
	Sig.(2- tailed)= 0.000
	Organizational health(in terms of organizational climate)
	N=113

According to the results from the table, it can be seen that significance level is smaller than 0.05. As a result, hypothesis H_0 is rejected, but hypothesis H_1 - *there is a significant relationship between managers' autocratic leadership style and organizational health (in terms of organizational climate) in Toranj Gaz Company- is accepted.*

As observed, a significant relationship existed between managers' autocratic leadership style and organizational health (in terms of organizational climate) in Toranj Gaz Company at the level of 99%. In addition, its correlation coefficient equaled 0.554.

Hypothesis 2: there is a significant relationship between managers' compassionate leadership style and organizational health (in terms of organizational climate) in Toranj Gaz Company.

Null hypothesis (H_0): there is no significant relationship between managers' compassionate leadership style and organizational health (in terms of organizational climate) in Toranj Gaz Company.

Hypothesis one (H_1): there is a significant relationship between managers' compassionate leadership style and organizational health (in terms of organizational climate) in Toranj Gaz Company.

$$\left\{ \begin{array}{l} H_0: P=0 \\ H_1: P \neq 0 \end{array} \right.$$

Based on the table, if the value of significance level is greater than the error value, the null hypothesis will be concluded, however; if the value of significance level is smaller than the error value, hypothesis 1 can be concluded.

Table 4: Correlation coefficient between managers' compassionate leadership style and organizational health (in terms of organizational climate)

	Organizational health(in terms of organizational climate)
Compassionate leadership style	Pearson's Correlation= 0.489
	Sig.(2- tailed)= 0.000
	N=113

According to the results from the table, it is clear that significance level is smaller than 0.05. Consequently, hypothesis H_0 is rejected, but hypothesis H_1 - *there is a significant relationship between managers' compassionate leadership style and organizational health (in terms of organizational climate) in Toranj Gaz Company- is accepted.*

As observed, a significant relationship existed between managers' compassionate leadership style and organizational health (in terms of organizational climate) in Toranj Gaz Company at the level of 99%. In addition, its correlation coefficient equaled 0.489.

Hypothesis 3: there is a significant relationship between managers' counseling leadership style and organizational health (in terms of organizational climate) in Toranj Gaz Company.

Null hypothesis (H_0): there is no significant relationship between managers' counseling leadership style and organizational health (in terms of organizational climate) in Toranj Gaz Company.

Hypothesis one (H_1): there is a significant relationship between managers' counseling (coaching) leadership style and organizational health (in terms of organizational climate) in Toranj Gaz Company.

$$\left\{ \begin{array}{l} H_0: P=0 \\ H_1: P\neq 0 \end{array} \right.$$

Based on the table, if the value of significance level is greater than the error value, the null hypothesis will be concluded, however; if the value of significance level is smaller than the error value, hypothesis 1 can be concluded.

Table 5: Correlation coefficient between managers' counseling (coaching) leadership style and organizational health (in terms of organizational climate)

	Organizational health(in terms of organizational climate)
Counseling leadership style	Pearson's Correlation= 0.602
	Sig.(2- tailed)= 0.000
	N=113

According to the results from the table, it is obvious that significance level is smaller than 0.05. Consequently, hypothesis H_0 is rejected, but hypothesis H_1 - *there is a significant relationship between managers' counseling leadership style and organizational health (in terms of organizational climate) in Toranj Gaz Company*- is accepted.

As observed, a significant relationship existed between managers' counseling leadership style and organizational health (in terms of organizational climate) in Toranj Gaz Company at the level of 99%. In addition, its correlation coefficient equaled 0.602.

Hypothesis 4: there is a significant relationship between managers' participative leadership style and organizational health (in terms of organizational climate) in Toranj Gaz Company.

Null hypothesis (H_0): there is no significant relationship between managers' participative leadership style and organizational health (in terms of organizational climate) in Toranj Gaz Company.

Hypothesis one (H_1): there is a significant relationship between managers' participative leadership style and organizational health (in terms of organizational climate) in Toranj Gaz Company.

$$\left\{ \begin{array}{l} H_0: P=0 \\ H_1: P\neq 0 \end{array} \right.$$

Based on the table, if the value of significance level is greater than the error value, the null hypothesis will be concluded, however; if the value of significance level is smaller than the error value, hypothesis 1 can be concluded.

Table 6: Correlation coefficient between managers' participative leadership style and organizational health (in terms of organizational climate)

	Organizational health(in terms of organizational climate)
Participative leadership style	Pearson's Correlation= 0.563
	Sig.(2- tailed)= 0.000
	N=113

According to the results from the table, it is evident that significance level is smaller than 0.05. Consequently, hypothesis H_0 is rejected, but hypothesis H_1 - *there is a significant relationship between managers' participative leadership style and organizational health (in terms of organizational climate) in Toranj Gaz Company*- is accepted.

As observed, a significant relationship existed between managers' *participative* leadership style and organizational health (in terms of organizational climate) in Toranj Gaz Company at the level of 99%. In addition, its correlation coefficient equaled 0.563.

Friedman test

Friedman test was used to know whether participants' answers to the research questions are the same or not and what rank hold each research variable. Here, the results are important for different reasons: (1) it guaranteed that respondents would answer the questions without any intention and (2) that whether respondents mainly understood the difference between research questions. The results can also be used in reliability discussion. In fact, reliability stems from the fact that whether respondents essentially understand the questions or not. If it is statistically determined that they understood research questions, it then will be clear that the tools of data and information collection- questionnaire- are reliably confirmed.

There is no difference between variables in terms of priority: H_0

There is a difference between variables in terms of priority: H_1

Table 7: Significance of Friedman test in terms of priority of variables

Styles	Mean Rank
Autocratic leadership style	3.23
Compassionate leadership style	3.88
Counseling leadership style	2.45
Participative leadership style	3.03

Results from the mean ranks showed that compassionate leadership style with the ratio of 88.3 was the first priority, while counseling leadership style with the ratio of 45.2 was the last one.

Conclusion

Results from descriptive statistics in this study are as follows:

According to the above table, 58 respondents (2.51%) were male showing the most frequency, while 55 participants (8.48%) were female with the least frequency.

Results of the table showed that 57 participants (50.3%), having the most frequency, were those who held bachelor's degrees, while only 1 participant (0.6%) held a ph.D. degree.

According to the results, 64 participants (56.7%), having the most frequency, were in the age range of 20 to 30, while 22 participants (19.2%) were in the age of 40-50 years.

The results also revealed that 68 participants (59.7%) included those whose work experience was between six and ten years- the most frequency was observed here. On the contrary, 21 respondents (18.9%) had the work experience of less than five years.

Extracted results from questionnaires, conducted studies, and making a visit to Toranj Gaz Company, as well as tested hypotheses in the table (1-5) showed the following results:

Testing the main Hypothesis of the research

The effect of leadership (management) style on organizational health in terms of organizational climate (a case study of Toranj Gaz Company)

Based on the relationship of all leadership style (autocratic, Laissez faire, counseling, and participative leadership style) with organizational health in terms of organizational climate, this hypothesis is also accepted

Table 8: Findings from inferential statistics

Hypothesis	Statistical test (sig)	Result
Hypothesis1: there is a relationship between managers' autocratic leadership style and organizational health(in terms of organizational climate)in Toranj Gaz Company	Sig(2-tailed)=0.000	+
Hypothesis2: there is a relationship between managers' compassionate leadership style and organizational health(in terms of organizational climate)in Toranj Gaz Company	Sig(2-tailed)=0.000	+
Hypothesis3: there is a significant relationship between managers' counseling leadership style and organizational health(in terms of organizational climate)in Toranj Gaz Company	Sig(2-tailed)=0.000	+
Hypothesis4: there is a significant relationship between managers' participative leadership style and organizational health(in terms of organizational climate)in Toranj Gaz Company	Sig(2-tailed)=0.000	+

.Recommendations

According to the research results, the following recommendations are offered:

- Improving general knowledge and increasing staff's morale in order to benefit from the innovation and creativity,
- Creating a proper environment for creativity and creating innovative centers in enterprises,
- Employing young managers with higher education in managerial positions, and
- Making efforts to increase morale, academic focus, and innovation in order to enhance organizational health at technical level.

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