

Relationship between Transformational Leadership and Balanced Scorecard in South Valley University

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Abstract

The aim of this study is to investigate the relationship between transformational leadership and balanced scorecard of academic leadership at the University of the South Valley, Egypt. The number of academic leaders (n = 131) as a statistical sample of this study. In order to collect the data from balanced scorecard questionnaire that assesses 5 micro scales been prepared, and multifactor leadership questionnaire (MLQ), (Bass and Avolio, 1994) measured 4 micro scales relating to transformational leadership. The results showed that there is a significant relationship between transformational leadership and balanced scorecard. The correlation of the total score transformational leadership and balanced scorecard indicated a positive, linear relationship (r= 0.50). Thus, it is important to understand the characteristics of leadership toward balanced scorecard since it will affect the Performance evaluation of University.

Keywords: transformational leadership, balanced scorecard, MLQ, management.

1. INTRODUCTION

"Leithwood" is considered of more researchers contribution to the literature on the theory of transformational leadership in the field of education, and confirms that the Educational Leadership Instructional Leadership, which was useful trends during the eighties and early nineties, is no longer commensurate with the twenty-first century, and it must be replaced by transformational leadership that can provides the best motivation for individuals in order to move towards the reform of the educational institutions (Leithwood and Poplin, 1992).

(Burns, 1978) defined transformation as, "occurs when one or more persons engage with others in such a way that leaders and followers raise one another to higher levels of motivation and morality".(Bass, 1985) explained the transformation leader "as one who motivates us to do more than we originally expected to do".

(Rouche et al., 1989) defined transformation leader "the ability of a leader to influence the values, attitudes, beliefs, and behaviors of other by working with and through them in order to accomplish the organization's mission and purpose".

(Avolio and Howell, 1993; Boerner et al., 2007; García-Morales et.al, 2012; Samad, 2012; Tse& chiu, 2014) explained that transformational leadership exercised a positive impact on organizational performance, while (Hancott, 2005) explained outweigh the exercise of transformational leadership companies with better performance.

(Bass, 1990; Bass & Avolio, 1994; Bass and Steidlmier, 1999; Bass et al., 2003; Morales et al., 2008; Jandaghi et al., 2009 and Riaz& Haider, 2010) identified four distinct characteristics of transformational leadership. This is shown in Table 1.

Table1: characteristics of Transformation Leadership

characteristics	Descriptions
Idealized influence	Provides vision and sense of mission, instills pride, gains respect and trust, emphasizes on mission and values.
Inspirational motivation	Communicates high expectations, uses symbols to focus efforts, and expresses important purposes in simple ways, providing the meaning, Participation in goals, To participate in the drawing of vision for the future.
individualized consideration	Gives personal attention, treats each employee individually, coaches, advises; Meet the needs of individuals, Recognize individual differences, Focus on the needs of personnel within and outside the organization.
intellectual stimulation	Promotes intelligence, rationality, and careful problem solving, encourage creative thinking and innovation.

Some American field researches have shown that effective leadership models alone, and no doubt able to double the productivity of workers, so that the main values of the work of the leader is to: Leadership

commitment to customer satisfaction, Leadership commitment to workforce development, Leadership's commitment to achieving the highest profit return to shareholders (Rosen & Brown, 1997).

Proceeding from interesting leaders (customers, human resources workforce, and shareholders) highlighted the need for leaders to have a clear vision, and is able to change, which requires owning tools for the support, represented by the Balanced Scorecard (Stemsrudhagen, 2003). This is a very effective tool to motivate management and achieve the desired change (Kaplan and Norton, 2001a).

The aim of presenting this model is to overcome the shortcomings, which faces the use of financial measures (Kaplan and Norton, 1992). Based on the principle, what can be measured can be managed (Kaplan and Norton, 1996b), and depend on the extent to which it improves managers' decisions (Lipe and Salterio, 2000).

The Balanced Scorecard emphasizes the linkage of measurement to strategy (Kaplan and Norton, 1993). And the cause-and-effect linkages that describe the hypotheses of the strategy (Kaplan and Norton 1996b). The tighter connection between the measurement system and strategy elevates the role for nonfinancial measures from an operational checklist to a comprehensive system for strategy implementation (Kaplan and Norton 1996a).

The balanced scorecard approach comprises four perspectives: financial perspective, customer perspective, internal process perspective, and learning and growth perspective (Kaplan & Norton, 1992, 1993, 1996a, 1996c, 2001a, 2001b, 2006) . and Has been added after the last which the "environmental perspective" To participate in community service and development of the surrounding environment.

Based on the application of the Balanced Scorecard varies depending on the nature and purpose of the organization (Kaplan & Norton, 1996; Huang, 2009; Bigliardi and Bottani, 2010; Nilsson, 2010, Philbin, S. P, 2011). and that the current study applied on one of the public universities, and whose main role in the educational process to do (Sordo et al., 2012). It can clarify the perspectives of balanced scorecard applicable in the university through the diagram 1.

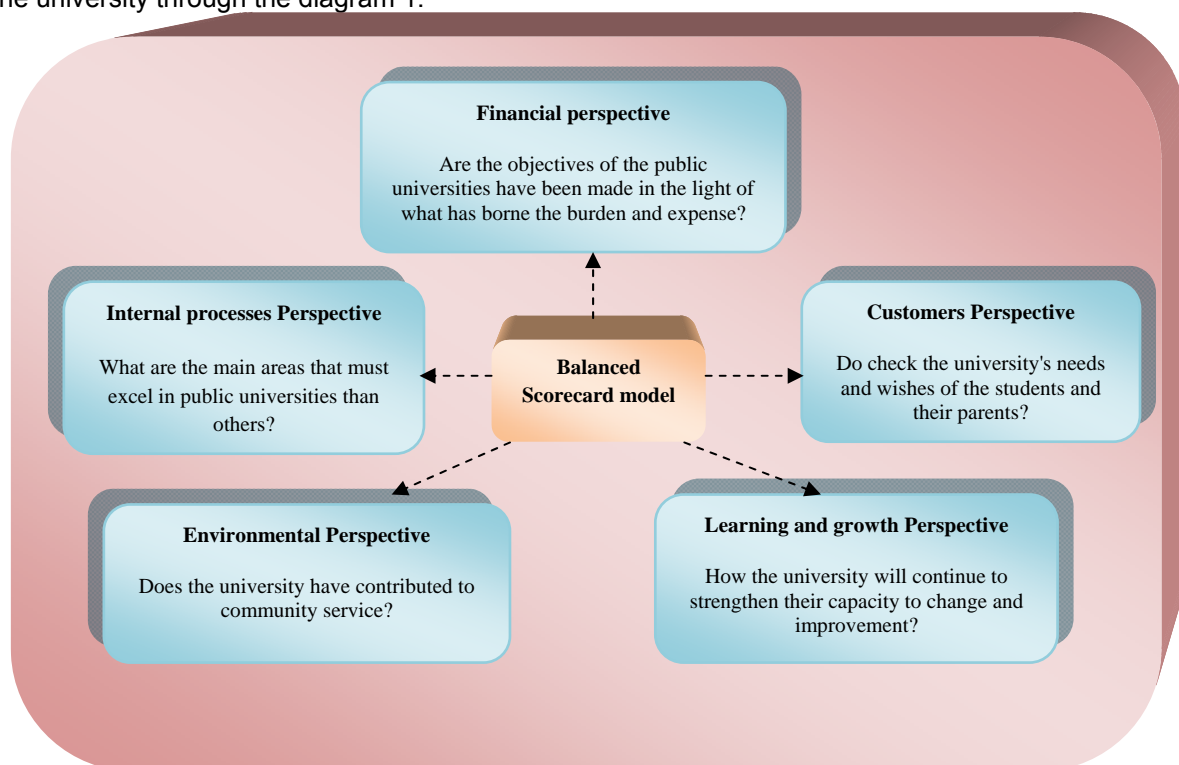


Diagram 1: Perspectives of Balanced Scorecard model in universities.

In the modern era, the study of leadership and balanced scorecard have become popular among researchers, as (Stemsrudhagen, 2003; Fry et al., 2010; Rabbani et al., 2011). (Hu et al., 2010) has addressed identify the relationship between transformational leadership to sales managers, and job satisfaction for salespeople, and based on the Balanced Scorecard. However, it is the relationship between transformational leadership and balanced performance did not explain.

On the other hand, On the basis of opinion (Fry et al., 2010) that transformational leadership is the engine for learning and growth, which produces a continuous improvement in internal processes, and the development of high quality products and services, which generates high levels of customer satisfaction, and therefore a better financial performance. (Rabbani et al., 2011) that the reasons that stand in front of the implementation of

the BSC, is the lack of leadership has a clear vision through which you can connect the concept of BSC, and that of the main reasons for the success of the Balanced Scorecard is to provide specialized human resources to pursue a balanced performance measurement. So it, this study aims to find out the relationship between transformational leadership and balanced performance.

In meeting these objectives, a theoretical framework as shown below has been developed:

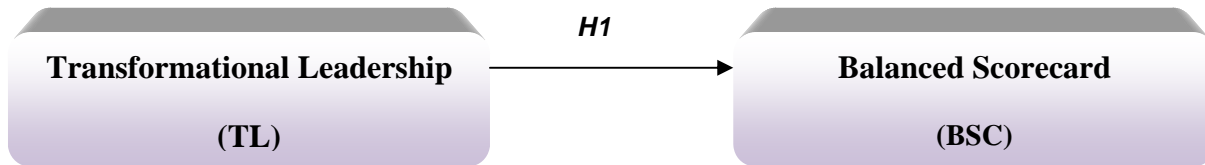


Fig 1: conceptual framework

2. RESEARCH METHODOLOGY

The statistical population of this research consisted of all academic leadership at the University of the South Valley. All individuals presenting in statistical population (n = 138) were selected as statistical samples of this research that finally 131 questionnaires were returned and were applied. The tools applied for collecting the data are:

- 2.1 *Multifactor leadership questionnaire (MLQ), Bass & Avolio (1994):* this questionnaire measures transformational leadership micro scale. The questionnaire is designed in the form of Likert 5 scales one with options: 1= never, 2= seldom, 3= sometimes, 4= often, 5= always. In present research, 4 micro scales of transformational leadership are used that are: idealized influence, inspirational motivation, individualized consideration, intellectual stimulation. The justifiability of this questionnaire is confirmed by professors and its perpetuity was also assessed by Cronbach’s alpha that was confirmed by 0.86. The validity of this questionnaire was reported by Bass and Avolio (1994) ($\alpha = 0.94$). Internal consistency of transformational leadership micro scales were obtained in a pilot study using Cronbach’s alpha respectively as: $\alpha = 0.90, 0.89, 0.90,$ and 0.90 . In order to determine the relationship between the transformational leadership and balanced scorecard we used simple linear regression analysis for variables and Pierson’s correlation coefficient in level $p < 0.05$.
- 2.2 *Balanced scorecard questionnaire:* in order to evaluate the balanced scorecard of academic leadership, we used this questionnaire by which 5 micro scales of Financial perspective, Customers Perspective, Internal processes Perspective, Learning and growth Perspective, and Environmental Perspective are assessed as 5 values Likert scale. Been prepared balanced performance measure after reviewing the Arab Studies in this area to be close to the field of application and fit with the surrounding circumstances, and that with the help professors in the field of business management, accounting, statistics, Internal consistency of balanced scorecard were obtained in a pilot study using Cronbach’s alpha as: $\alpha = 0.97$.

3- RESEARCH FINDINGS

The purpose of present research is investigating the relationship between transformational leadership and balanced scorecard among academic leadership in South Valley University. The mean of balanced scorecard and transformational leadership scores are presented in table 2.

Table 2: the mean score of academic leadership

	variable	mean	SD
Transformation Leadership	idealized influence	3.96	0.86
	inspirational motivation	3.78	0.85
	individualized consideration	3.81	0.87
	intellectual stimulation	3.74	0.79
	Transformation Leadership	3.82	0.81
Balanced Scorecard	Financial perspective	3.29	0.82
	Customers Perspective	3.37	0.73
	Internal processes Perspective	3.28	0.78
	Learning and growth Perspective	3.60	0.68
	Environmental Perspective	3.41	0.71
	balanced scorecard	3.39	0.71

The results indicated that the highest and lowest scores in transformational leadership micro scale occurred in idealized influence (3.96) and intellectual stimulation (3.74). The highest and lowest scores in balanced scorecard micro scale occurred in Learning and growth Perspective (3.60) and internal processes Perspective (3.28). This is also shown in diagram 2 and 3.

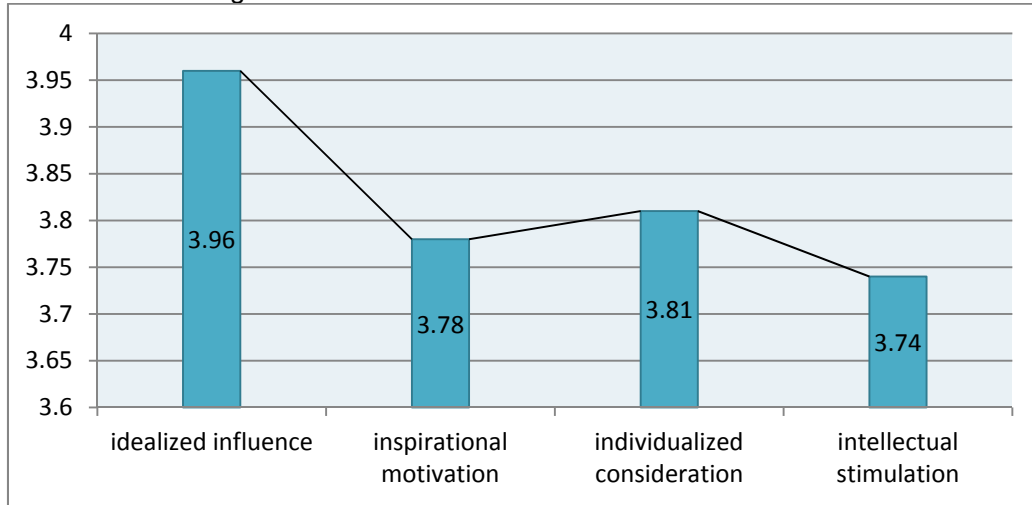


Diagram 2: mean score of transformation leadership

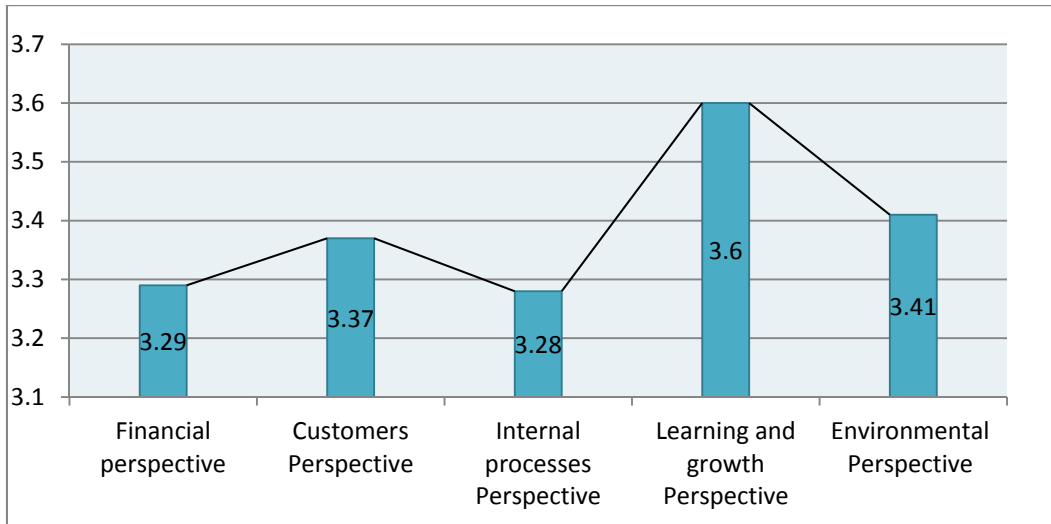


Diagram 3: mean score of balanced scorecard

This means that academic leaders are focused on idealized influence in practice transformational leadership, and the university put a higher concentration levels in the learning and growth perspective in evaluating the performance of the university. This is also shown in diagram 4 and 5.

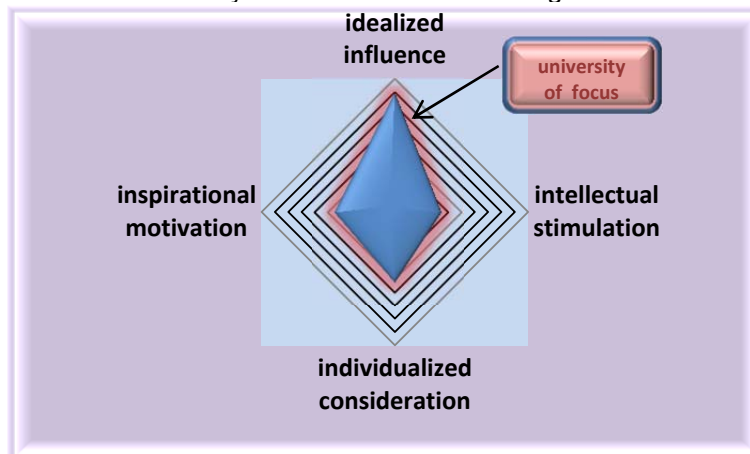


Diagram 4: Focus in practice transformational leadership

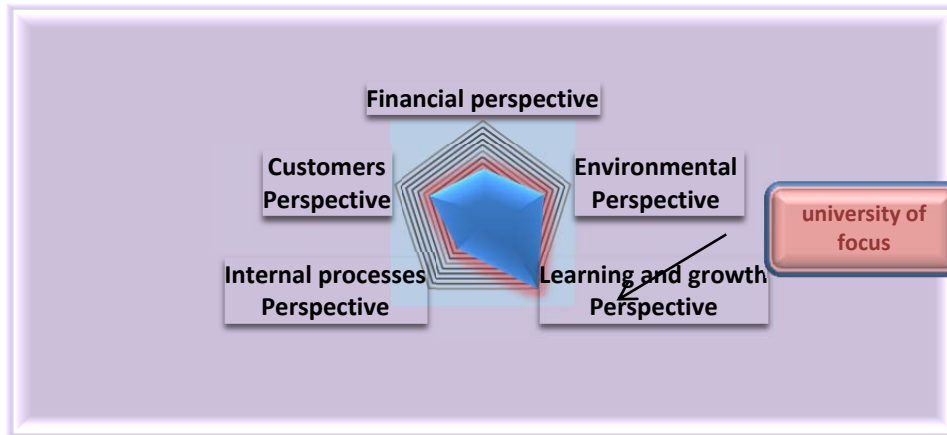


Diagram 5: Focus in the application of the Balanced Scorecard

Table3: the Results of Correlation and Reliability analysis

No	Variables	Mean	SD	1	2	3	4	5
1	idealized influence	3.96	0.86	(0.91)				
2	inspirational motivation	3.78	0.85	0.911**	(0.89)			
3	individualized consideration	3.81	0.87	0.882**	0.943**	(0.90)		
4	intellectual stimulation	3.74	0.79	0.861**	0.917**	0.914**	(0.90)	
5	balanced scorecard	3.39	0.71	0.425**	0.503**	0.514**	0.468**	(0.97)

Notes: ** significant at 0.00 levels: Cronbach's Alpha values are shown in the parentheses.

The finding of Correlation and Reliability analysis indicated that transformational leadership has significant strong, and positive relationship with balanced scorecard with (r= 0.50). This mean higher transformational leadership quality, the higher would be the balanced scorecard.

The results of simple linear Regression analysis and ANOVA indicated there is a significant relationship between transformational leadership and balanced scorecard (F = 42.077, β = 0.496, Sig = 0.000) (table 4, 5). And R- Square value indicates that 24.6 % of the change in the balanced scorecard that applied in university is due to the change in the practice of transformational leadership. Therefore the hypothesis (H1) which state TL significantly influences BSC was accepted.

The model can be represented as follows equation:

$$Y = B_0 + X_1B_1 \pm e$$

$$Y = 1.740 + 0.432 X_1 + 0.067$$

Table4: the Results of simple linear Regression analysis TL (X) on BSC (Y)

R	R Square	Adjusted R Square	Std. Error of the estimate	
0.50	0.246	0.240	0.620	
Constant transformational leadership	Unstandardized coefficients		Standardized coefficients	
	B	Std. Error	Beta	t
	1.740	0.261		6.678
	0.432	0.067	0.496	6.487
				Sig.
				.000
				.000

Table5: analysis of variance (ANOVA)

Model	Sum of Squares	DF	Mean Square	F	Sig.
Regression	16.190	1	16.190	42.077	.000
Residual	49.636	129	0.385		
Total	65.826	130			

The finding denoted the fact that leaders are ready to improve, and motivate the employees to apply their best capabilities and skills for innovation and displaying an excellent performance and the success of

organization.

By (idealized influence, inspirational motivation, individualized consideration, intellectual stimulation) can leader:

- Improve the financial situation of the University: (Clear vision, Determine the goals, Work to accomplish business with less time and less cost).
- Build a bridge of communication and respect between customers (Employees, teaching staff, Students, Parents, External community).
- Improve the educational and administrative processes (Investment potential of followers, Full energies to work to develop and improve work performance).
- Improvement in learning and growth processes (Detection the creative capacity, Provide the appropriate environment for creativity).
- Promote environmental and societal status (Commitment to human values, Deepening social responsibility towards individuals, society and the environment).

4- CONCLUSION

Ultimately, the study suggested that transformational leadership plays important role in influencing balanced scorecard. Hence, signifies the need for management to focus on its leadership styles to ensure Effective evaluation of the performance of the university. The results of this research showed that transformational leadership has a direct and positive relationship with balanced scorecard among academic leaders in south valley university, Egypt.

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