

Enhancing Public Organizational Effectiveness through Transformational Leadership and Learning Organization: A Conceptual Framework*

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Abstract

The purpose of this paper is to investigate the specific link between transformational leadership, the learning organization, and organizational effectiveness, especially in the public organization. As a conceptual paper, the intention is to review a range of the literature on the effect of the transformational characteristics of leadership and the learning organization culture on organizational effectiveness in order to form a conceptual framework regarding the above variables. As such we posit that idealized influence, inspiration motivation, intellectual stimulation, and individualized consideration could have a significant association with the learning organization and a positive link with organizational effectiveness. In the meantime, learning organization cultures: create system, inquiry and dialogue, team learning, embedded systems, empowerment, strategic leadership, and system connection could also have a significant effect on organizational effectiveness. The

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contribution of the paper is in the enhancement of organizational effectiveness by developing the proposed conceptual framework, which can be used as a guideline for managing leadership style and learning organization culture in the public organization in the future.

Keywords: *Organizational Effectiveness, Transformational Leadership, Learning Organization*

การยกระดับประสิทธิภาพขององค์กรภาครัฐ ผ่านภาวะผู้นำการเปลี่ยนแปลงและองค์กรแห่งการเรียนรู้: กรอบแนวคิด*

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บทคัดย่อ

การศึกษาในครั้งนี้มีวัตถุประสงค์เพื่อสำรวจความสัมพันธ์ระหว่างภาวะผู้นำการเปลี่ยนแปลง, องค์กรแห่งการเรียนรู้ที่มีต่อประสิทธิผลขององค์กรโดยเฉพาะอย่างยิ่งองค์กรภาครัฐ การศึกษานี้ได้ทำการทบทวนวรรณกรรมที่เกี่ยวข้อง อิทธิพลของพฤติกรรมภาวะผู้นำ, วัฒนธรรมองค์กรแห่งการเรียนรู้ ที่มีต่อประสิทธิผลขององค์กร: กรณีศึกษาทั้งของภาครัฐและภาคเอกชนเพื่อพัฒนากรอบแนวคิดจากปัจจัยที่ศึกษาข้างต้น จากการศึกษาเราตั้งข้อสมมติฐานว่า การมีอิทธิพลอย่างมีอุดมการณ์, การสร้างแรงบันดาลใจ, การกระตุ้นทางปัญญา, การคำนึงถึงความเป็นปัจเจกบุคคล มีความสัมพันธ์อย่างมีนัยสำคัญกับองค์กรแห่งการเรียนรู้และมีความสัมพันธ์เชิงบวกกับประสิทธิผลขององค์กร ในขณะเดียวกันวัฒนธรรมองค์กรแห่งการเรียนรู้ เช่น การสร้างโอกาสในการเรียนรู้อย่างต่อเนื่อง, การส่งเสริมการไต่ถามและการสนทนา, การกระตุ้นให้เกิดการเรียนรู้เป็นทีม, การสร้างระบบเก็บและแลกเปลี่ยนการเรียนรู้, การให้อำนาจแก่บุคคลตามวิสัยทัศน์, และการเสริมสร้างภาวะผู้นำเชิงกลยุทธ์เพื่อการเรียนรู้ และการมีระบบที่เชื่อมต่อกัน ก็มีความสัมพันธ์อย่างมีนัยสำคัญกับประสิทธิผลองค์กร การศึกษาในครั้งนี้ได้นำเสนอแนวทางในการยกระดับประสิทธิภาพขององค์กรภาครัฐ จากกรอบแนวคิดที่ได้รับจะเป็นแนวทางในการจัดการลักษณะภาวะผู้นำ และวัฒนธรรมองค์กรแห่งการเรียนรู้ในองค์กรภาครัฐในอนาคต

คำสำคัญ: ประสิทธิภาพขององค์กร ภาวะผู้นำการเปลี่ยนแปลง องค์กรแห่งการเรียนรู้

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Introduction

Due to a dynamic global environment and increasing competition among countries, public organizations have to become more and more effective in response to the rapid changes in environments and intense competition among nations. Most public organizations have attempted to remain effective by means of the adoption of various management techniques. It can be seen that governments have encouraged their employees to perform tasks that can lead the organization to becoming effective by reducing administrative costs, increasing effectiveness, speeding up process times, and improving decision-making. This allows public organizations to be more effective than before.

Drucker (1990) has stated that the public institutions in developed countries such as the U.S. are seen as a growth industry. The expansion of public activities has significantly increased due to changing concerns and priorities, as well as the growing expansion and distribution of the world's knowledge society. This has brought about internal challenges, including customer-driven needs, ensuring cost-effective approaches regarding limited resources and people, and rapid changing customer needs. Similarly, Senge (1990) has mentioned that "organizations that can respond to the changing nature of work and authority relationships are learning organizations."

Government agencies, public organizations and state enterprises have adopted various kinds of management tools. The learning organization is one of many tools that have been used in many public organizations. Evidence shows that there are no significant differences among the demands for adopting the learning organization in all sectors. However, private organizations tend to accomplish knowledge management rather than public organizations (Kajay, 2010). A reasonable reason for this is that even though there are plenty of skilled people in public organizations, there is still a lack of leadership, suitable climate, as well as collaboration among a range of talented people which can make organizations ineffective.

Problem Statement

While a large number of comprehensive papers have been written to analyze, identify and propose conceptual frameworks for explaining organizational effectiveness (Georgopoulos & Tannenbaum, 1957; Judge, 1994; Armstrong, 2009), the study on leadership, the learning organization and organizational effectiveness in the public sectors is limited, as claimed by Borins, 2002; Golembiewski & Vigoda, 2000. In the meantime, many researchers have paid a great deal of attention to the construct measurements of the characteristics of transformational leadership, the learning organization, the employee involvement climate, and organizational effectiveness for almost two decades. The research that emphasizes the relationship between these variables together is also limited, especially in the context of public organizations (Penn, 1991; Powell, 1987 cited in Green & Griesinger, 1996).

Previously, Thongwang (2010) studied public organizations that establish a learning organization culture in order to increase the organization's capability. The study suggests that the selected public organization lacks of teamworking, especially among sub-units and inter-organizations such as private research units, universities, as well as the industrial sector, and a participatory approach among all stakeholders should be more seriously considered. This organization still attaches to traditional ways of bureaucratic structure which do not allow it to become more flexible and fast. However, leadership behaviors have been overlooked even though many papers have investigated the various factors affecting the level of organizational effectiveness, including structural factors, the learning culture, job empowerment and responsibility, knowledge creation and transfer, technology for learning, and the work atmosphere and teamwork environment. Equally important, Rurkhamet (2013) studied the influence of various factors on the transformational leadership of three state enterprises in Thailand, including PTT public company limited (PTT); Metropolitan Electricity Authority (MEA); and the Metropolitan Waterworks Authority (MWA). The study implies that the leaders still lack knowledge transferring, For example, Thai public organizations stopped transferring knowledge in their generation and manual was ignored in records. As such, study that highlights the effect of different transformational leadership behaviors, learning organization culture on organizational effectiveness at the organizational level is needed (Penn, 1991;

Powell, 1987 cited in Green & Griesinger, 1996) and it would be beneficial for the general public organization if transformational leadership and the learning organization could be applied to enhancing organizational effectiveness.

This study thus aims to investigate the link between transformational leadership behaviors and learning organization culture regarding organizational effectiveness in the public organization. In doing so, the paper begins with an attempt to review transformational leadership styles, learning organization culture, and organizational effectiveness by highlighting a range of relevant literature, particularly on the public organization, and this will give an account of the conceptual framework. Finally, the discussion is drawn on the implications of the proposed conceptual framework for enhancing organizational effectiveness in the public organization.

The Objective of the Study

The purpose of this paper is to investigate the specific links between transformational leadership, the learning organization, and organizational effectiveness, especially in the public organization. As a conceptual paper, the intention is to review a range of literature on the effect of the transformational characteristics of leadership and the learning organization culture on organizational effectiveness in order to form a conceptual framework regarding the above variables.

Leadership

There are about 35,000 definitions of leadership in the literature (Pye, 2005 cited in Western, 2007). Daft (2011), for example, refers the term as an influencing relationship among leaders and their followers who need real changes and outcomes that reflect their shared purpose within an environment. This is similar to the notion of Armstrong (2009), who suggested that there are two broad roles of leaders, achieving the task and maintaining an effective relationship between themselves and the group and the individual.

Several scholars have presented different key streams of leadership theories (Day & Antonakin, 2012; Heifetz, 1994). First, the characteristics of leader were

a major concern in the trait school during the 20th century which refers the leader to “a great man” (e.g. Mann, 1959; Stogdill, 1948 cited in Bass, 1990). The second school is the behavioral school, in which the behavioral styles of leaders are focused on (e.g. Lewin & Lippitt, 1938; Stogdill & Coons, 1957; Katz, Maccoby, Gurin & Floor, 1951). Thirdly, the contingency school highlights the idea that the appropriate style of a leader depends on the requirements of the specific situation (e.g. Fiedler, 1967, 1971; Kerr & Jermier, 1978). The fourth school of thought is the relational school, which focuses more on the relationship between leaders and followers (e.g. Dansereau, Graen & Haga, 1975; Graen & Uhl-Bien, 1995). The recent study of leadership theories is the new leadership school, which specifies the interactions between leaders and followers (e.g. Bass, 1985; Burn, 1978; House, 1977).

Transformational Leadership

The recent study of leadership theory is based on the works of Burn (1978) and House (1977). Bass has developed a framework that focuses on both transformational and transactional leadership. The some definitions of leadership styles are provided as follows;

“Transactional leadership refers to the leader-follower exchanges necessary for achieving routine performance agreed upon between leaders and followers. Similarly, it refers to the leader who directs the efforts of others through tasks, rewards, and structure” (Schermerhorn, 2008).

On the other hand, the following definition of transformational leadership style has been offered;

“Transformational leadership is characterized by the ability to bring about significant change. Transformational leaders have ability to lead changes in the organization’s vision, strategy, and culture as well as promote innovation” (Lim & Daft, 2004). Schermerhorn also refers it to as “a leader that is inspirational and arouses extraordinary effort and performance” (Schermerhorn, 2008).

According to Bass and Avolio (1995, 1997), Laissez-Faire Leadership is another form of leadership behavior, which refers to an inactive style of leadership, including the avoidance of interventions or absence of leadership.

This study focuses primarily on transformational leadership, which can be measured by four dimensions: idealized influence characteristics, inspiration motivation, intellectual stimulation, and individualized considerations (Bass & Avolio, 1995, 1997).

According to Bass's work (1990), the Multifactor Leadership Questionnaire (MLQ) scale is one of the accepted instruments that have been commonly used by previous studies for assessing nonprofit leadership. The model was developed by Bass in 1985 and it originally consisted of three types of transformational behavior: idealized influence, intellectual stimulation, and individualized considerations; the expanded version adds 5 more transformational behaviors: inspirational motivation, contingent reward, active management by exception, passive management by exception, and laissez-faire in order to determine the extent to which the leader demonstrates transformational or transactional leadership.

The scale is used to measure a wide range of leadership types based on a full range assessment of these leadership factors (Bass & Avolio, 1990 cited in Yukl, 2002, p. 254). According to Bass & Avolio (1990), there are certain characteristics of transformational and transactional leaders. The characteristics of the transformational leader are as follows:

- 1) The idealized influence characteristic refers to behavior that provides vision and a sense of mission, instills pride, and gains respect and trust.
- 2) Inspiration motivation refers to behavior that communicates high expectations, uses symbols to focus efforts and expresses important purposes in simple ways.
- 3) Intellectual stimulation refers to the leader's behavior that promotes intelligence, rationality, and careful problem solving.
- 4) Individualized consideration refers to behavior that gives personal attention, treats each employee individually, and coaches as well as advises. On the other hand, the characteristics of the transactional leader are the following:
- 5) Contingent reward refers to behavior that can contract the exchange of rewards for effort, promise rewards for good performance and recognize accomplishments.

6) Management by exception (active) refers to behavior that watches and searches for deviations from rules and standards, and takes corrective actions.

7) Management by exception (passive) refers to behavior that intervenes only if standards are not met.

8) Laissez-faire refers to behavior that abdicates responsibilities and avoids making decisions.

Armstrong (2009: 377) concludes that transactional leaders trade money, jobs, and security for compliance, while transformational leaders motivate people to strive for higher-level goals.

Learning Organization

Organizational experts have paid attention to the conceptualization of the learning organization by defining, identifying, and describing it, as can be seen for example in the work of Senge, 1990; Nonaka & Takeuchi, 1995; Marquardt & Reynold, 1994; Garvin, 1993). First, Senge (2006) defined as

“a learning organization as where people continually expand their capacity to create the results they truly desire and where people are continually learning how to learn together.”

This is similar to the definition of Guthrie (1996), who defined it as

“an organization where through learning individuals are continually re-perceiving and reinterpreting their world and their relationship to it.”

This is in line with Garvin (1993), who also defined learning organization as

“organizational skills used for creating, acquiring, and transferring knowledge, and modifying its behavior to reflect new knowledge and insights.”

Moreover, Argyris & Donald defined learning organization as the process in which organizational members respond to the change in the internal and external environment by means of continuously verifying and correcting mistakes. In Thailand, Panich (2002) also gives a definition of the learning organization. This is the concept of organizational development that emphasizes the leadership and team learning enabling knowledge transfer and the learning organization is

a dynamic process that allows organization to obtain effectiveness. In this study, the learning organization refers to the ability of a workforce in an organization to learn faster than those in other organizations.

The well-known concept of the learning organization developed by Senge (1990) is that one organization can learn faster than its competitors and this will ultimately lead the organization to gaining a sustainable competitive advantage. He also proposed five principles that an organization should have in order to maintain it as a leaning organization. First, system thinking is the most important principle, which refers to the concepts, knowledge and tools that have been developed to help organization see goals more clearly and facilitate any changes in the organization more productively. The second principle is personal mastery, which focuses on the individual's proficiency and capability to have a clear goal and to be more realistic in setting one's vision. Next is, the mental model, which is a model based on the assumptions, generalizations, pictures and images that influence how we understand the world and the organization. The shared vision is another principle, which refers to the shared pictures of the future that foster real commitment and enrollment rather than compliance. According to Senge (1996), the last principle is team learning, according to which collective power and, coordinated actions can bring to the organization more extraordinary results than the individual (Senge, 1990). In addition, Marquardt & Reynolds (1994) suggested 11 factors that lead an organization to becoming a learning organization. These include the following: structure, learning culture, empowerment, environment scanning, knowledge creation and transfer, learning technology, quality, strategy, atmosphere, teamwork networking, and vision.

Equally important, Yang and his colleagues (2004) have reviewed previous studies on the learning organization and have classified the constructs into four perspectives: systems thinking, learning perspective, the strategic perspective and the integrative perspective.

The first perspective is proposed by Peter Senge (1990) who identified a set of principles of learning organization that included team learning, shared vision, mental model, personal mastery, and system thinking.

The second perspective is the learning approach, which identifies eleven areas through which learning occurs. These include strategy, participative policy making, informing, formative accounting and control, internal exchange, reward flexibility, enabling structures, boundary workers, inter-company learning, learning climate, and self-development. This perspective provides an overall learning insight for all organizational levels (Pedler, Burgoyne & Boydell , 1991).

Next, the strategic perspective suggests five core strategic building blocks: clarity and support for the mission and vision, shared leadership and involvement, a culture that encourages experimentation, the ability to transfer knowledge across the organization, and teamwork and cooperation.

Based on work of Watkins and Marsick (1993, 1996), seven dimensions of a learning organization at all level (individual, team and organization) are identified: continuous learning, inquiry and dialogue, team learning, empowerment, embedded system, system connection, and strategic leadership. However, there are some problems underlying those perspectives; for example, the system thinking approach suggests learning organization concept as more consultative rather than researchable. As a result, those perspectives provide a theoretical ground for the development of suitable measures of the learning organization (Yang et al., 2004).

According to those perspectives, Yang and colleagues developed and tested scales for the assessment of the learning organization called the Dimensions of the Learning Organization Questionnaire (DLOQ), which consists of a series of six-point rating scales regarding seven dimensions proposed by Watkins & Marsick, and a set of twelve items that were included in order to measure performance in response to the learning organization (2004). Marsick (2013) has investigated the use of the DLOQ over ten years and found that it has been used around the world and developed for use in for-profit and nonprofit organizations since 2002. Thus, it is one of the well-known instruments that have been used to diagnose the learning cultures in various contexts.

Organizational Effectiveness

The concept of organizational effectiveness is one of the most complex issues in the organizational management literature. The difficulties range from finding an appropriate definition to criteria of effectiveness. The definition in one setting and for one set of criteria may not apply to another setting (Georgopoulos & Tannenbaum, 1957). This makes it difficult to conceptualize and operationalize the concept. However, there are several definitions from various scholars that have both similarities and dissimilarities.

Georgopoulos & Tannenbaum (1957) define “organizational effectiveness as the degree to which an organization that is perceived as a social system fulfills its objectives without incapacitating its means and resources”. Moreover, Katz and Khan (1971) define it in terms of maximization of return to society and the survival and growth of the state enterprise. Similarly, Price (1972) refers to it as the maximization of return to the organization by economic and technical means, and by political means, or the return to society in a higher view. Pfeffer and Salancik (1982) defined it as the ability of organization to create acceptable outcomes and actions.

According to Robbins (1990), the collection of organizational effectiveness definitions is clearly presented regarding four approaches: the goal attainment approach, the system approach, the strategic constituencies approach, and the competing-value approach.

Robbins (1990) mentions that the first approach refers to organizational effectiveness as the degree to which an organization accomplishes its goals. It can be measured by the level of “goal achievement” of ends. The second approach refers to organizational effectiveness as an organization’s ability to provide imported resources, to retain internal systems and successful relationships with the organizational environment. Next, the strategic constituencies approach defines organizational effectiveness as a system in an environment that has influential beneficiary groups which control the resources of the organization. The last approach combines all aspects of the three approaches mentioned above (Robbins, 1990: 77). According to this approach, organizational effectiveness refers to an organization’s ability to provide imported resources, to retain internal systems (internal focus) and

successful relationships with the organizational environment (external focus). Quinn & Rohrbaugh (1983) developed the competing value framework (CVF) for measuring organizational effectiveness, which combined 4 models: 1) the human relations model, 2) the open system model, 3) the rational goal model, and 4) the internal process model.

Rojas (2000) reviewed the use of organizational effectiveness regarding four models that are commonly used in nonprofits organizations. The first model consists of four components: production or output, commitment, leadership and interpersonal conflict (Bhargava & Sinha, 1992). The second model was built upon several theories; namely, systems theory, organizational theory, and consultation theory, and it is based on a set of assumptions such as “the availability of organizational energy reserves, the ability to benefit from returns, the presence of resource utilization metric, and the possessions of a long-term perspective.” According to these assumptions, there are eleven key processes that contribute to organizational effectiveness; namely, organizational survival, maximization of returns, self-regulation, internal-external boundary permeability, sensitivity to status and change, contribution to constituents, transformation, promoting advantageous transactions, flexibility, and adaptability and efficiency (Ridley & Mendoza, 1993). The third model focuses on Jackson’s work (1999), which developed this model, offering six indicators of organizational effectiveness: management experience, organizational structure, political impact, board of directors involvement, volunteer involvement, and internal communications. In order to increase both the validity and reliability of these measures, 3 extra measures are added: categories of organizational configuration, organizational competencies, and organizational capabilities. The last model is known as the competing values framework (CVF) which is based on work of Quinn & Rohrbaugh in 1983. The criteria were grouped into three basic dimensions; the first dimension includes organizational focus, the second dimension considers flexibility, and the third dimension involves both means and ends, and these dimensions combine to explain the four models of organizational effectiveness, which include human relations, open systems, rational goals and internal processes (cited in Rojas, 2000).

The study began by considering Campbell’s criteria for organizational effectiveness and ruled out some criteria that were not related. Based on the

Multivariate Methods, the competing value framework uncovered several basic dimensions underlying the measurement of organizational effectiveness. The first competing value dimension concerns organizational focus, from an internal focus which emphasizes the well-being and development of people and an external focus, where the emphasis is on the well-being and development of the organization. For example, organizations are viewed as effective if they maintain a good relationship between internal focus and process focus. The second competing value dimension focuses on organizational structure, which is related to the stability and flexibility of the organization. While stability focuses on a management value for top-down control, flexibility reflects a management value for learning and change; for example, organizations are perceived as effective if they are adaptable, changeable, and flexible. Having two competing value dimensions, the competing value framework identifies four quadrants of effectiveness models.

Moreover, there is no such agreement among scholars on the measures of organizational effectiveness. They vary in terms of organization differences, the units of analysis, and different constituencies and external systems. Cameron (2010) has stated that while many scholars have often paid attention to what the most appropriate model of effectiveness is, there is no single model that has been adequately created. However, a recommendation was offered by Rojas (2000), that the CVF is a sound approach for measuring organizational effectiveness among for-profit and nonprofit organizations. The important point is that the four competing value sets exist simultaneously, and the organizations have a duty to balance those different value sets. The framework has been confirmed by many scholars to be very robust across a wide range of social phenomena (Quinn & Rohrbaugh, 1983; Cameron, 2010; Kalliath, Bluedorn & Gillespie, 1999). Due to Multivariate Analysis and Multidimensional Scaling Analysis, this approach has proven to be statistically valid and reliable. Thus, the competing value framework (CVF) is an appropriate approach for this study.

The Proposed Hypotheses and Framework

This research selected pieces of literature under three categories: the relationship between transformational leadership and organizational effectiveness,

the relationship between learning organization cultures and organizational effectiveness, and the relationship among transformational leadership, learning organizational culture and organizational effectiveness. Then the conceptual framework was proposed regarding the empirical evidences.

Leadership and Organizational Effectiveness

In this study, leadership is seen through the lens of the transactional/transformational model. As Vinitwatanakhun's work (1998) shows, these leadership behaviors are the best predictors of the organizational effectiveness in both public and private nursing institutes. There is other evidence that shows that transformational leadership behaviors have a causal relationship with organizational effectiveness.

According to Pounder (2001), new leadership studies found that the lack of academic studies on the causal link between transformational leadership behaviors and organizational effectiveness was caused by a lack of an agreed definition of organizational effectiveness because different context of studies apply different definitions of organizational effectiveness. On the one hand, this paper establishes a modification of the organizational effectiveness model applicable to all universities including four dimensions: productivity-efficiency, cohesion, information management-communication, and planning-goal setting. The study suggests that university leaders need to consider themselves as having a broad range of leadership behaviors based on dimensions of both transformational and transactional leadership. Bass & Avolio (1994 cited in Pounder, 2001) emphasize that transformational leadership is not a complete distinct concept of transactional leadership; rather, transformational leadership is an expansion of transactional leadership. In other words, transformational leadership may fit one situation but transactional leadership may suit another situation. Pounder's argument implies that both characteristics of leadership have a positive effect on organizational effectiveness. Similar to Camilleri (2007), who has studied the expansion of the model developed by Bass and colleagues (2003) to assess both transformational and transactional leadership styles on organizational performance in government organizations and they found that leadership styles positively affect the performance outcomes of the organization (Camilleri, 2007). Both characteristics of leadership have an effect on organizational effectiveness, but

in different contexts. The transformational leadership style is needed when more direct control is required, while the transactional leadership style is essential during times of environmental turbulence (Gore & Steven, 1998; McInnis, 1995 cited in Pounder, 2007: 288). Rehman & Kalita (2011) in their study have found that three leadership style models: the Ohio State University Model developed by Hemphill, Stogdill, Shartle & Pepinosky (1945), the Managerial Grid Style proposed by Blake & Mouton (1985), and the Tri-Dimensional Model of Hersey & Blanchard, show that overall leadership styles have a positive effect on total organizational effectiveness in the Jorhat Electrical Circle. According to Avolio and Bass (1988), transformational leaders may not be able to complete their mission if transactional leadership skills are overlooked.

Based on a meta-analytic review, Lowe et al.'s (1996) findings provide more detail regarding the use of the MLQ (Multifactor Leadership Questionnaire). In a study, they selected 23 studies of cases of charisma and intellectual stimulation, 22 studies on individualized consideration and contingent rewards and 21 studies on management-by-exception. They found that most of the leadership constructs were relatively associated with organizational effectiveness including charisma characteristics, individualized consideration, and intellectual stimulation. Contingent reward appears to have a positive effect on unit effectiveness; the findings, however, show that management by exception has an inconsistent association with organizational effectiveness. Due to this inconsistency, Lowe and colleagues have launched an *ad hoc* qualitative review of the studies and provided an academic guess that active management-by-exception may have a positive effect on organizational effectiveness, while passive management-by-exception may have a negative effect on organizational effectiveness. These findings are similar to those of Thongngam (2005) and Navajindphun (2005).

On the other hand, Weese's (1996) findings show that there is no significant association between transformational leadership and organizational effectiveness, as was found in Lim & Cromartie (2001 cited in Hsu et al., 2002; Lieberman & O'Connor, 1972); rather, it has an indirect relationship. Moreover, transactional leadership may have a negative influence on organizational effectiveness, especially when a leader relies on passive management-by-exception (Bass, 1990). A study

by London & Boucher (2000) found that leaders that are rated high in charisma and idealized influence components are more effective in Canadian university athletic departments while there was no significant effect of inspirational motivation on organizational effectiveness and no significant effect of the university departments' effectiveness was found for transactional leaders. Sander, Hopkins & Geroy (2003, p. 26) mentioned that transformational leadership is likely to be more effective than transactional leadership, an idea similar to that of Judge & Piccolo (2004).

From the above review and discussion on the relationship between leadership and organizational effectiveness, the key factors of transformational leadership are idealized influence, intellectual stimulation, and individualized consideration, inspirational motivation, contingent reward, active management by exception, passive management by exception, and laissez-faire. As mentioned above, some studies have shown the overall positive effects of these variables, and other have presented no effect or even negative effects on organizational effectiveness. While there is still controversy on the agreement of the effect of leadership styles on organizational effectiveness, this study assumes that these leadership factors tend to have a positive effect on organizational effectiveness. Given the previous research papers, the following proposition is proposed:

Proposition 1: *Transformational leadership behaviors have a statistically significant association with organizational effectiveness.*

Learning Organization and Organizational Effectiveness

Although the number of academic papers in the field of the learning organization has dramatically increased, a few scholars have linked the learning organization with organizational effectiveness (Ellinger et al., 2000; 2002). Jeong et al. (2006) examined the link between individual nurses' use of the principles of the learning organization and organizational effectiveness, which was measured by two dimensions; namely, organizational commitment and job satisfaction. Based on the learning organizational scale, which is a modification of the original scale developed from Senge's work (1990), it consists of 23 items within 5 factors: system thinking, personal mastery, mental models, shared vision and team learning. Jeong and colleagues found that the overall learning organization factors had

a significantly positive effect on both dimensions of organizational effectiveness, but when considering individual factors, the mental model presents the lowest association among other factor, and this result is consistent with previous studies such as that of Kwon (2000). Nevertheless, the study still has some flaws. First, the study assumes that organizational effectiveness can be measured according to only two dimensions; organizational commitment and job satisfaction, and this needs to be further developed. Secondly, only nine hospitals were selected and only general nurses were considered as the subjects of the study.

Another standard instrument commonly used to measure the learning organization concept is the DLOQ, which consists of seven dimensions regarding the learning organization concept and has been widely used (Watkins & Marsick, 1997; Yang, Watkins & Marsick, 1998; 2004). The seven dimensions include continuous learning, inquiry and dialogue, team learning, embedded system, empowerment, system connection, and strategic leadership.

According to Ellinger et al. (2002), four hundred mid-ranked managers in U.S. manufacturing firms were asked to rate on a six-point Likert scale of questionnaire which had forty-three items regarding the learning organization and two sets of questions on perceptual performance measures, including return on investment, average productivity per employee, time to market product, response time, market share, and cost per transaction and financial performance measures, including return on equity, return on asset and others. The results showed that a total of seven factors of the learning organization had a positive influence on the firms' financial performance. While the study findings are consistent with previous studies, a wider range of financial and non-financial performance indicators needs to be investigated with respect to the learning organization.

Similarly, Tseng's dissertation (2010) studied the case of SMEs in Taiwan, and it was found that overall learning organization practices had a positive association with organizational effectiveness. By using a combined standard questionnaire, including the DLOQ for the measuring learning organization, the OCQ for measuring organizational commitment, and a survey of the organization (: the SOO for perceived organizational effectiveness) it can be seen that, all 7 factors in learning organization;

create systems, inquiry and dialogue, connect with the environment, continuous learning, collaboration and team learning, empowering people and strategic leadership had a significant influence on organizational effectiveness. However, the study focuses on only three aspects of organizational effectiveness; namely, leadership, satisfaction and organizational climate, and small medium enterprises.

More specifically, the relationship between the characteristics of the learning organization and organizational performance was also highlighted by the work of Kontoghiorghes and colleagues' in 2005. The instrument of this study was developed to capture several important characteristics of the learning organization in various dimensions. In other words, the authors created an instrument by combining many dimensions based on the work of Boydell & Burgoyne (1988); Pedler et al. (1991); Marsick & Watkins (1999); Marquardt (1996) (cited in Kontoghiorghes, 2005). A 108-scale-items questionnaire was developed to measure the learning organization and organizational performance. As a result of the factor analysis method and stepwise regression model, 7 factors were derived: 1) open communication and information sharing, 2) risk taking and idea promotion, information, facts, 3) time and resource availability to perform job in a professional manner, 4) high-performance team environment, 5) rewards for learning, performance and new ideas, 6) positive training transfer and continuous learning climate, and 7) knowledge management. Overall the factors of the learning organization have a positive influence on organizational performance as measured by productivity, quality, and profitability. This study, however, shares common flaws with the above studies, which are only a subset of all possible dimensions of the learning organization and organizational performance being studied and a more comprehensive framework with regard to the relationship between these selected variables is required.

Even though most of the selected papers have attempted to associate the learning organization with the firm's performance, which is not directly related to overall organizational effectiveness, Campbell (1977) places growth, productivity, profitability, and job satisfaction along with other factors as the measurements of organizational effectiveness. Based on several previous findings and discussions, it can be; therefore, concluded that the learning organization factors tend to have a positive effect on organizational effectiveness. In this study, the learning

organization was measured using seven dimensions of the DLOQ proposed by Watkins & Marsick (1997). Given the previous research papers, the following proposition is proposed:

Proposition 2: *Learning organizational cultures have a direct effect on organizational effectiveness.*

Transformational Leadership, the Learning Organization, and Organizational Effectiveness

While a considerable number of studies on leadership, the learning organization, and organizational effectiveness has been carried out by a range of scholars, it is difficult to find a study that emphasizes the link between these three variables: leadership styles, the learning organization culture, and organizational effectiveness (Iangong, 2013, p. 117). This section attempts to present a variety of relevant literature on these three variables including the work of Iangong (2013), Sahaya (2012), Chandasuwan (2011), and Ampirid (2011), and other literature that treats the learning organization as a mediator in order to examine the effect of the mediator on the dependent variable; namely, the work of Song, Kim & Kolb (2009), Ozsahin, Zehir & Acar (2011), Cegarra-Navarro & Rodrigo-Moya (2011). Then, the last hypothesis of the study is given.

Iangong (2013) studied the link between leadership, the learning organization, and organizational effectiveness in the case of the court of justice in Thailand. Given 845 respondents from 217 courts, the study found that the leadership factor, the learning organization, and organizational effectiveness had a statistically positive association with the high correlation coefficient value. The study also formed structural relationship models among the concept of these three selected variables, indicating that organizational effectiveness could be explained by leadership through the learning organization in the case of the court of justice in Thailand during 2013.

Sahaya (2012), studied similar factors in a study of the learning organization as a mediator of leadership style and firms' financial performance. In this study, the data were collected from 100 firms on The Stock Exchange of Thailand 100 (SET 100).

A learning organization factor was treated as a mediator and the regression model was formed accordingly. As a result of the study, it was seen that transformational leadership behaviors have an indirect effect on firms' financial performance as mediated by the learning organization culture. On the other hand, there was a partial mediator effect between transactional leadership behaviors and firms' performance, and no effect was found in the case of laissez-faire leadership.

The similar result found in the work of Chandasuwan (2011), and Ampirid (2011), who have studied the same factors, namely leadership, organizational culture, and organizational effectiveness in the case of the schools managed by the Bangkok Metropolitan Administration and the case of Department of Health Service Support respectively. The former attempts to study the relationship among these variables by means of the structural equation model (SEM). It was found that there were statistically significant links among the major concepts of leadership, organizational culture, and organizational effectiveness. The latter also presented the same results and showed that transformational leadership, organizational culture and organizational effectiveness had a significantly high correlation.

Song and colleagues (2009) studied the learning organization as a mediator of the relationship between interpersonal trust and organizational commitment in two major Korean companies. The findings indicated that interpersonal trust has an indirect effect on organizational commitment as mediated by learning organization culture. The study confirms the specific mediating nature of the learning organizational culture. The similar findings also found in Ozsahin, Zehir & Acar's work (2011), the link between leadership style and firm performance as mediated by the effect of learning orientation in the case of 125 Turkish firms. It was found that leadership behaviors had an indirect effect on firm performance as mediated by the learning orientation culture. In addition, Cegarra-Navarro & Rodrigo-Moya's study (2011) confirms the mediating effect of organizational learning and innovation on the relationship between transformational leadership and organizational performance in a sample of 168 Spanish companies. Their study revealed that transformational leadership behaviors had a positive influence on organizational performance through organizational learning and innovation. Considering the previous research papers, the following proposition is proposed:

Proposition 3: *Transformational leadership behaviors have an indirect effect on organizational effectiveness as mediated by the learning organization culture.*

Given the proposed propositions provided above, the relationships between transformational leadership, the learning organization culture, and organizational effectiveness have been established and are modeled in Figure 1.

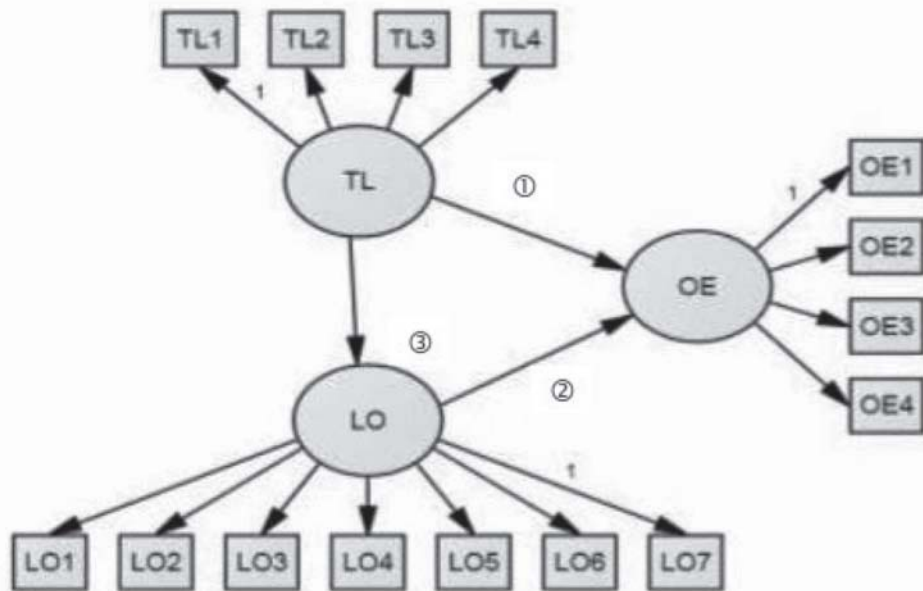


Figure 1: The Conceptual Framework for the Study

Discussion and Conclusions

Due to the review of related literature, this article has proposed a conceptual framework which intends to explain the effect of transformational leadership behavior and learning organization culture on organizational effectiveness drawing all of the proposed variables primarily from the works of Bass & Avolio (1990), Watkins & Marsick (1997), Quinn & Rohrbaugh (1983), Cameron (2010), Kalliath, Bluedorn & Gillespie (1999). Moreover, the relationships formed in this conceptual framework were obtained from the selected literature which is summarized in Table 1.

Table 1: Summary of the Relationship between the Independent Variables and Organizational Effectiveness

Factors	Relationship	Scholars
<u>Transformational Leadership Behavior</u>	+	Pounder (2001); Bass et al. (2003); Camilleri (2007); Rehman & Kalita (2011); Hemphill et al. (1945); Blake & Mouton (1985)
Idealized influence	+	Lowe (1996); Thongngam (2005); Navajindphun (2005); London & Boucher (2000)
Inspiration motivation	+	Lowe (1996); Thongngam (2005); Navajindphun (2005)
	NS	London & Boucher (2000)
Intellectual stimulation	+	Lowe (1996); Thongngam (2005); Navajindphun (2005); Komives (1991); Spangler & Braiotta (1990)
Individualized consideration	+	Lowe (1996); Thongngam (2005); Navajindphun (2005); Bass & Avolio (1989); Bass & Yammarino (1991)
<u>Learning organization</u>	+	Lowe (1996); Thongngam (2005); Jeong et al. (2000); Tseng (2010); Kontoghiorghe et al. (2005)
Create Systems	+	Ellinger et al. (2002); Tseng (2010)
Inquiry & Dialogue	+	Ellinger et al. (2002); Tseng (2010)
Connect the Environment	+	Ellinger et al. (2002); Tseng (2010)
Continuous Learning	+	Ellinger et al. (2002); Tseng (2010)
Collaboration & Team Learning	+	Ellinger et al. (2002); Tseng (2010)
Empower People		
Strategic Leadership	+	Ellinger et al. (2002); Tseng (2010)
	+	Ellinger et al. (2002); Tseng (2010)

While there is some ambiguity surrounding the concept of leadership, the learning organization, and organizational effectiveness, the brief review of the above papers attempts to explore all of the relationships between these three selected variables. According to Figure 1, it was first found that the key factors of transformational leadership, including idealized influence (TL1), inspiration motivation (TL2), intellectual stimulation (TL3), individualized consideration (TL4) demonstrated overall positive effects on overall organizational effectiveness, including human relations (OE1), open systems (OE2), rational goal (OE3), internal process (OE4) (Pounder, 2001; Camilleri, 2007; Lewy et al., 1996; Thongngam, 2005; Navajindphum, 2005 and Sander et al., 2003). This implies that transformational leadership behaviors impact organizational effectiveness. The organization can enhance its effectiveness through developing its leadership behaviors. Secondly, it also was found that the overall seven dimensions of learning organization: continuous learning (LO1), inquiry and dialogue (LO2), team learning (LO3), empowerment (LO4), embedded system (LO5), leadership (LO6), system connection (LO7) had a significant association with organizational effectiveness (Ellinger et al., 2002; Tseng, 2010; Kontoghiorghes et al., 2005). For this reason, it is suggested that the development of the learning organizational culture can lead to the enhancement of public organizational effectiveness. Lastly, the above review and discussion on the relationship between leadership, the learning organization, and organizational effectiveness have shown the specific mediating nature of the learning organizational culture when the learning organization is treated as a mediator between the relationship of transformational leadership and organizational effectiveness (Iangong, 2013; Sahaya, 2012; Chandasuwan, 2011 and Ampirid, 2011; Song, Kim & Kolb, 2009; Ozsahin, Zehir & Acar, 2011; Cegarra-Navarro & Rodrigo-Moya, 2011). The proposed model supports the theoretical line of reasoning offered in the existing literature concerning the presence of a significant relationship between transformational leadership, learning organization, and organizational effectiveness, and most of the literature reviewed in this study was carried out on public organizations, including public nursing institutes, government organizations, public universities and their departments, army organizations, courts of justice, public companies listed on the stock market, and government agencies in both domestic

and international organizations. The output of this study also shed some light on the context of organizational effectiveness in the public organization. However, the study must be cautiously examined because it has several limitations that need further tests in empirical research, for example using a cross-sectional research design and a longitudinal research design.

Limitations and Future Research

The focus of this study will solely lie on the building of conceptual framework regarding only three selected variables namely transformational leadership behaviors, learning organization culture and organizational effectiveness which are not the comprehensive list. This study will not discuss, in any detail, any operation problems such as methodological problems or empirical testing.

For further study, researchers should consider empirical testing of the framework of the three selected variables, and more factors should be added, such as organizational climate, employee development, and a full range of leadership styles. As such, these potential variables could provide a more exhaustive list of this conceptual model and the interaction between these additional variables could also increase our understanding of organizational effectiveness, especially in the public sector. Moreover, for the researcher, the study of these additional variables could increase generalizability, and for the practitioner, the study could become a practical guideline for improving both public organizational effectiveness and managing leadership styles and the learning organizational climate in public organizations.

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