Case Report

Investigating the Moderating Role of Employees' Conscientiousness on the Relationship between Transformational Leadership and Organizational Innovation (Case Study: Municipality of Bojnoord)

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ABSTRACT
Organizations by using the effective components such as creativity and personality characteristics of employees can be more innovative than the past. Transformational leadership supports and encourages innovation which in turn ensures an organization's long term survival. Several studies have shown that individuals' personality to a large extent influences the actions of the functions, absences, recruitment and staff. This study aimed to examine the relationship between transformational leadership and organizational innovation due to the mediating role of personality characteristics of staff in the municipality of Bojnoord and in terms of purpose is applied research and in terms of data collecting and analyzing methods, this study is done by survey method. According to the study, whatever employees of Bojnoord municipal can enjoy high conscientiousness as a factor of personality traits, they can cooperate better with managers and will have positive impact on innovative process of organizations.

Keywords: leadership, innovation, moderator, conscientiousness, Bojnoord municipal

INTRODUCTION
Leadership is a process through which management of organization by motivating and creating effective relation seeks to facilitate his other duties in realization of organization's objectives and encourages staff to perform their duties willingly (Alvani, 2010). Recent developments in leadership theory have been transferred from charismatic leadership theory which assumes leader as a non-differentiated inventory and considers followers dependent on leadership towards neocharismatic and transformational leadership theories which pay attention to the development and empowerment of followers for the independent performance (Kark, 2004). During the twentieth century, many theories have been created to explain the features and effective leadership behaviors that increase staff motivation and effort. According to Bess and Alieo (1993), leadership theories have been formed to introduce new ways of thinking that help researchers focus on the problem areas, help employees in decision making and provide a basis for predicting situations that may occur when leaders use specific behaviors (Hoy and Mescle, 2008). Transformational leadership behaves in a way that motivates his followers to try to realize the organizational interests and objectives. These leaders can also motivate the employees to do their duties more than expectation. As a result, employees feel commitment to their work and its implications and manifest it in the form of enhancement of job satisfaction and greater effort (Gardner & Avolio, 1998). On the other hand, due to the accelerated pace of changes and scientific, technological, social, cultural developments and so on in current era, organizations will be successful and efficient...
that in addition to the coordination with developments in modern society can also predict changes and transformations in the future and will be able to lead these changes to create favorable developments for building a better future (Mirkamali et al., 2013). Successful organizations need leaders who with extraordinary scrutiny determine the organization's future direction, lead individuals to that direction and motivate staff to create development. Transformational leadership by creating new ideas and perspectives, puts a new path of growth and prosperity for organization and will promise the organizational performance improvement and competitive advantage acquisition (Jamshidian and Yazdanshenas, 2008: 17). In other words, organizations by using effective components such as creativity and personality characteristics of employees can be more innovative than the past. Therefore, this study investigated the moderator role of loyalty of employees and transformational leadership and organizational innovation in municipality of Bojnoord.

**Theoretical foundations of study**

**Transformational Leadership**

Burns (1978) was the first person that in his book entitled "Leadership" used the terms of transactional and transformational leadership. These terms were rapidly used in the areas of organizational management. He for the first time differentiated the transactional and transformational leaderships. Transformational leaders raise the followers' needs and motivation and cause highlighted change in individuals, groups and organizations. Transactional leadership considers the current needs of underlings and pays great attention to clearing (pay-for-performance, two-way trade and mutual support). Transformational leadership style of Bronze is considered by many researchers under different names. In general, these studies have stated the behaviors and characteristics of transformational leaders as follows: warmth and empathy, need for power, eloquence and good articulation skill, intelligence and caring for others. These leaders are able to motivate followers with inspiration ability and gain commitment of followers, and can change the beliefs, attitudes and goals of individuals and norms of organizations. Transformational leadership creates this feeling in underlings that they are considered as human beings and helps people see issues in a new way (Dulewicz, and Higgs, 2005, 406).

**Bass** knows transformational leader a person that in order to strengthen the functioning of the staff and the organization, establishes a positive relationship with subordinates, encourages employees to go beyond the personal needs and work for desires of groups and organizations. Transformational leaders motivate their subordinates to do what they have in their power (Burke and Collins, 2001: 244). The process of transformational leadership is rooted in personal values and beliefs of leader. But in the process, any commodity is not exchanged between superiors and subordinates. Such leaders inspire of their deepest personal values such as justice, fairness, honesty and integrity and Bronze refers to these values as the ultimate values. The final values are such that can not bargain or exchange over them (Humphreys, 2003: 86).

Based on the theory of transformational leadership, a leader needs to use local actors to perform the necessary tasks for the organization to achieve his desired objectives. In this context, the objective of transformational leadership is to ensure that the path to achieve the goal to be clearly perceived by local actors, eliminate potential bottlenecks in the system and encourage the actors to achieve predetermined goals. (Higgs, 2003: 276).

**Organizational Innovation**

Organizational innovation is to deliver any product, process or system within an organization. Innovation word means "a new idea, method or device" or "the process of providing a new thing". The first definition looks at innovation as the output and the second definition considers it as process. According to the viewpoint of Ahmad "Innovation is the engine of change movement and culture is the main factor of determining innovation."

In another definition, innovation is the process of creating any new valuable thing for the
person, group or organization, industry or society (Samadaghaei, 2006: 17). Actually, innovation is said to any thought process that solves problem in useful way (Amir Hosseini, 2006: 12). Innovation plays an important role in economic development and has attracted the attention of many researchers to purchase and many studies have been done in this area. Innovation is the application of innovative ideas or behavior (Liao et al., 2008, 185). Organizational innovation is the willingness of an organization to develop advanced and new products and services and submit them to the market to achieve success. In other words, effective organizational innovation is the key to survive in a competitive environment (Lemon, and Sahota, 2004, 485). Accordingly, the current organizations should take steps in the way of innovation and change and increase their success. But the survive of increasing competitive organizations is due to having the suitable creativity and innovation. However, creativity has been an important aspect of behavior within the organization and organizations without creativity and innovation will never change. Otherwise, it is clear that staff of organization have changed to the state of stagnation therefore, with regard to creativity and innovation, staff, processes and their effects on organization, it will be determined that according to the creativity and innovation rate how much is the organizational progress rate (Sanjaghi et al., 2011: 122).

**Transformational leadership and organizational innovation**

Leaders of organizations facilitate institutional innovation through defining and modifying the working fields (Amabile, 1998: 77). Leadership style of senior leadership is one of the most important determinants of innovation (Dess & Picken, 2000: 18). Particularly, it is confirmed that transformational leadership supports and encourages innovation which in turn will ensure the long term survival of an organization (Ancona & Caldwell, 1987: 191). Transformational leaders by playing championship role strengthen creative ideas in their organizations. These leaders will motivate their followers by drawing outlook in front of them and increase their willingness to function beyond the expectation and challenge them to adopt an innovative approach in their work. Such increase in the level of motivation will promote organizational innovation (Gumusluoglu and Ilsev, 2009: 461).

**Personality and organizational behavior**

One of the reasons of paying attention to leadership issue is that individuals and employees of any organization know leaders more powerful that can be responsible for reform and favorable changes in organizations (Bahramzadeh, Mokhtaran, 2008: 215). The question that arises is that what is the relationship between the discussion about the personality and organizational behavior? In other words, whether the study and discussion of personality helps us understand organizational behavior issues? With a little hesitant, answer is yes. Several studies have shown that individuals' personality to a large extent influences employees' actions of the functions, recruitment and absences and so on (Robbins, 2002: 143).

**Conscientiousness**

The study results of the individuals' personality characteristics suggest that individuals' behavior depends on their personality characteristics, therefore, individuals' personality characteristics pave the way for their behavior (Moghanloo, 2007: 26).

Robert McCrae and Will Costa who work in Gerontology Research Center of National Institute of Health in Baltimore and Zahriland have adopted a plan that identified the big factor of personality called five powerful factors or five large (Schultz and Schultz, 1998: 65, Trans: Seyed Mahmudi, 2008).

- Neuroticism
- Extroversion
- flexibility
- Agreeableness
- Awakening and young

A number of personality theories especially mental dynamic theory pay attention to the control of impulses. During the growing period, most people learn how to cope with their dreams
and inability in avoiding the impulses and temptations generally is a sign of high N (neuroticism) in adults. Control can also be in concept of more active planning power, organizing and performing tasks appropriately. Individual differences in this case is the basis of conscientiousness. Conscientious person is targeted, single-minded and important. Great and well-known musicians and athletes have these traits too much (Dickman and Takohotopok, 1981). This area is called "desire to succeed". High scores in C is associated with occupational and academic success. A low score in C may cause individual to avoid the necessary subtlety, precision and high cleanliness and "being a workaholic". Conscientiousness is an aspect that is called "character" for a while. People with high scores high in C are accurate, punctual and reliable but those with a low score in C are not necessarily without ethical standards, but they also are not very accurate in applying moral principles and they are lethargic in their efforts to achieve their objectives. There are evidences that these people are very fun-oriented with high interest in sexual matters (McCrae and Costa Bush, 1986, Trans: Garosi, 2001).

Background of study

Bass and Avoleo in 1966 have studied the financial performance of teams of a large company. The teams with more transformative leadership have relatively had better financial performance, unlike teams with transactional leadership have had lower financial performance. However, several studies have been conducted by other scientists around the world. Studies on transformational leadership have been carried out in more than a thousand companies in America and more than 12 companies in countries around the world and a variety of studies have been conducted on the relationship between transformational leadership and organizational performance, employees' behavior and performance and so on. In all of the studies the positive relationship of transformational leadership with individual and organizational outcomes such as performance, satisfaction, commitment, organizational culture and so on has been verified (Mooghali, 2003: 81). Allen (2007) conducted a study entitled "investigating the relationship between leadership styles and readiness of members of organization to accept change and valuing the creativity". The study results showed that transformational leadership has a positive and significant relationship with readiness to accept change and respect for the creativity. The findings also indicated that passive avoidance leadership style has a negative relationship with readiness to accept change and respect for the creativity. Furthermore, the findings showed that the existence of transformational leadership is the most important leadership behavior that affects the creativity avoidance and lack of avoidance leaders is the most important issue that influences the readiness to accept change (Allen, 2007). Millissa and Chi-Sum (2011) in his study entitled "transformational leadership, leadership support and creativity of employees" showed that there is a positive relationship between transformational leadership and employees' creativity and this relationship is stronger when leaders have supportive relationships with staff and support their tasks and work. Ghahreman Tabrizi (2005) in a study examined the relationship between organizational culture, leadership styles and creativity of physical education faculty members of universities in the country and the results indicated that they are at average level of creativity and transformative and transformational leadership can predict employees' creativity. Taboli et al (2011) in a research entitled investigating the relationship between transformational leadership style and creativity of employees in government agencies of Neyriz city. The findings showed a significant relationship between transformational leadership and dimensions of idealized influence, inspired motivation, intellectual stimulation and individualized consideration and employees' creativity.

METHODS

This study due to the consideration of the relationship between transformational leadership
and organizational innovation with respect to the mediating role of conscientiousness of employees in the municipality of Bojnoord city, in terms of goal is an applied research and in terms of data collecting and analyzing method, this is done by survey method. In terms of data collecting and analyzing method, this is descriptive and correlational study. This study is descriptive because it describes the situation of variables and the relationships among them. It is a correlational study because by using correlational analysis and regression analysis tests and explains the concurrency relationships among variables. In the field of background of study and theoretical issues related to the subject the existing resources are used and in the field of scientific aspects related to the subject and considering research questions, questionnaires are distributed and data are collected from intended population. Innovation and transformational leadership questionnaires are made by researcher and questionnaires of personality traits, conscientiousness are based on the five personality traits questionnaire (NEO-FFI). In this study, Cronbach’s alpha coefficient is used to calculate reliability of questionnaire. This estimation can be calculated by using SPSS software. Cronbach’s alpha estimation indicates the rate of internal relation of components (questions) of the questionnaire (Hayes, 1992). In fact, when data collection relies on the implementation of a unit test, the validity estimation is done through the coordination among the questions. The most general form of questions' variance analysis is obtained through Cronbach's alpha coefficient so that the variance of each component and covariance among the components are calculated. According to this method, the obtained number for Cronbach’s alpha should be more than 0.6 until the questionnaire enjoys the required reliability and the reliability coefficient of the questionnaire is 0.85 and this indicates high reliability of questionnaire.

Answer sheet of this questionnaire is set based on the Likert scale (strongly disagree, disagree, neutral, agree and strongly agree). Scoring of short form of the questionnaire namely NEO-FFI is not identical in all material. This means that in scoring of some materials of the short form of questionnaire, the score 4 belongs to strongly disagree, score 3 to disagree, score 2 to neutral, score 1 to agree and 0 to strongly agree. While other materials of this short form are scored in reverse form (Garusi Farshi, 2001). Since the population of this study is limited (N=172) thus, limited population sampling formula is used. Given that the Likert scale is used in questionnaire of this study to quantify the data the formula (1) is used to calculate the standard deviation.

\[ \sigma = (\max(x_i) - \min(x_i))/6 \]  
\[ \sigma = (5-1)/6=667/0 \]  

For statistical sample calculation formula (2) is used.

\[ Z: \text{Single normal variable corresponding to reliability level of 95%; } z_a/2 = 1.96 \text{ 2.752} \]  
\[ \varepsilon: \text{The amount of permitted wrong; } \varepsilon = 0.08 \]  
\[ n = N(Z^2(\alpha/2) \times \sigma^2)/\varepsilon^2(N - 1) + (Z^2(\alpha/2) \times \sigma^2)^2 \]  
\[ n = (172)(84/3\times43/0)/(0064/0)(172)+(84/3)(43/0)=86/257=103 \]  

As can be seen in the result of the formula, all statistical sample of this study should be 103 people. In this study, the research hypotheses analysis is based on statistical methods such as Pearson correlation test and sub-group test which data are analyzed after entering to the SPSS software. In order to test the hypothesis the function of split in spss is used so that the relevant moderating variable through the command of recode in spss is separated into two parts lower than the average (0-code) and higher than the average (code-1) and then the desired variable is selected in command of Data → Split and finally, the command of Analysis → Descriptive is selected. Two independent and dependent variables are selected and calculated. Results are obtained based on (1 and 0). In both cases, the correlation between dependent and independent variable is estimated and significant correlations are analyzed. The utilized method for analysis of moderating variables is subgroup analysis method that is done in spss software. The dependent variable: innovation (overall organizational innovation, process innovation, service innovation)
Independent variables: Transformational Leadership
Moderating variable: conscientiousness (personality characteristics of employees)

Research findings
According to the results of the test it can be seen that the significance level in conscientiousness = 1 (0.046) is less than 0.05. As a result, the hypothesis based on the significance of moderating effect of conscientiousness on the relationship between transformational leadership and organizational innovation in the municipality of Bojnoord city is approved therefore, H₀ is rejected and H₁ with reliability level of 0.95 is approved. In other words, in organizations whose employees are more conscientious, transformational leadership can lead the organization toward organizational innovation.

H₀: Conscientiousness does not moderate the relationship between transformational leadership and organizational innovation.
H₁: Conscientiousness moderates the relationship between transformational leadership and organizational innovation.

Table 1. The correlation coefficient between transformational leadership and organizational innovation with the impact of moderating variable of conscientiousness

<table>
<thead>
<tr>
<th>Variable</th>
<th>R</th>
<th>Conscientiousness = 0</th>
<th>Conscientiousness = 1</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>The relationship between transformational leadership and innovation</td>
<td>Test statistics</td>
<td>0.039</td>
<td>0.287</td>
<td>Is significant</td>
</tr>
<tr>
<td></td>
<td>Significance level</td>
<td>0.787</td>
<td>0.046</td>
<td></td>
</tr>
</tbody>
</table>

DISCUSSION AND CONCLUSION
In this study transformational leaders are introduced as one of the least important tools of organizations for successful encounter of them with environmental incremental changes and their low-risk movement in the future direction and in addition to investigating and explaining the theory of transformational leadership and its advancement route, the impact of this leadership style on organizational innovation as well as the indirect effect of personality characteristics on this process is investigated. It was found that transformational leadership has a close relation with organizational innovation as well as the positive impact on it. On the other hand, personality characteristics of employees as a moderating factor between transformational leadership and organizational innovation was evaluated and it was observed that it has a positive impact in moderating the relationship of these two variables and this means that transformational leaders by personality traits of employees can influence them and lead the organization toward innovation and risk. According to the findings of hypotheses about the relationship between innovation and transformational leadership, it could be argued that the existence of transformational leaders in organizations such as the municipality that has many positive characteristics such as permeability, motivation, inspiration and intellectual stimulation, can provide the perfect atmosphere for promoting organizational innovation. Based on the study results, staff with high conscientiousness and behavioral stability namely people with emotional stability, calm, moderate can easily moderate the relationship between transformational leadership and organizational innovation. In other words, an organization that its employees have high conscientiousness as a factor of personality traits, can cooperate better with managers and have a positive impact on the innovative organization.

REFERENCES
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