

## DETERMINING RELATIONSHIP BETWEEN LMX LEADERSHIP STYLE ON THE QUALITY OF CRISIS MANAGEMENT

<sup>a</sup>SEYEDEH MARYAM JAFARI GAHRAZ, <sup>b</sup>SEYED ABDOLLAH SAJJADI JAGHARGH

<sup>a</sup>*Department of Management and Economics, Science and Research Branch, Islamic Azad University, Tehran, Iran*

<sup>b</sup>*Assistant Professor, Department of Management and Economics, Science and Research Branch, Islamic Azad University, Tehran, Iran*

Email: <sup>a</sup> *m.jafari@iseikco.com*, <sup>b</sup> *Asadjady@yahoo.com*

**Abstract.** The study aimed to explaining the relationship between LMX leadership styles on the quality of crisis management in the Iran Khodro Industrial Services Engineering company. The study population consisted of employees of Iran Khodro Industrial Services Engineering company and data collection tools to assess leader-member relationship was Maslyn questionnaire, which consists of 4 dimensions of loyalty, influence, professional respect and participation. The results of this study showed that conceptual model of relationship between leaders-member and its four dimensions on the quality of crisis management with the fit data and 50% of the variance crisis management by leadership style is explained. A relationship based on loyalty, respect, influence and empathic participation can improve the quality of crisis management, particularly in the preparation stage.

**Keywords:** Leadership style, leader -member relationship, crisis management

### 1 Introduction

Crises are part of the business climate and remove all the crises that threaten the organization is impossible.

On the other hand, adapting to the situation, take advantage of the competitive environment and economic mechanisms, need more tools to take advantage of the opportunities created and this is what is referred to as strategic management. When faced with crisis, organizations spend much time and money and many people acquire different experiences. Crisis management to adapt to change and transition from problems to fix the damage caused by certain new environment requires specific features generally managers to respond to them are facing many problems (Darwish Zadeh and Akhavan, 2011). One of the most important attributes that can help leaders and managers in response to these changes the relations between managers and employees. Leader-Member exchange or LMX is system of elements and their relationships including the relationship of two members and consists of dependent behavioral patterns that two-way and interactional outcome sharing, environmental concepts, values, and directions created.

Leader-follower exchange approach that is relatively nature of contingency, relationship with any of his subordinates unique leader regarded and the exchanges and interactions between a leader and a subordinate that are called couples, is established. In the approach, managers with each of your employees behave based on different levels of social exchanges; they are not treated equally by all his subordinates (Rasuli and Shahae, 2009).

Leaders- member exchange theory is the presentation of a theoretical approach to understanding leadership in working condition. This theory can be due to focus on a dynamic relationship between leaders and subordinates distinguished from other theories of management (Hosseini et al., 2010). This leadership theory as a process, conceptualization, and its focus on the relationship between leaders with the member emphasizes on two-member communication process. This theory believes that leadership is an exchange process between the leader and his

members. The impact of sub follower on the leaders and their behavior, as much is leader's impact on the behavior of sub follower. According to this theory, leaders and followers develop couple's relationships that leaders behave differently people, it leading to the formation of two groups of followers - intimate and non-intimate group. The group is desirable for leader called intimate group, members of this group were considered leaders and a greater share of resources they received. In contrast to this advantage, the leaders expect the members of this group perform the functions beyond the scope of their official job descriptions (Leiden and Maslyn, 1998). According to the above cases, crisis management and leadership integrity is a member of both the scope of the research and the aim of this study understand "Does explanation of the relationship between leader-member (vertical relation model) effect on quality of crisis management of Iran Khodro Industrial Services Engineering Company?"

### 2 Theoretical foundation

According to the needs of mental, emotional individual or in general word, given the issues that emerges in relation to the others to arrive, including the principles and practices of human relations school of followers. This attitude has emphasized the importance of the human dimension members for other people and organizations considers necessary for an organization toward a common goal (Shojaee et al., 2004).

One of the factors influencing employee's satisfaction is their relationship with their direct manager. LMX approach emphasize on unique exchange relationship between director and employee and the case against the use of a specific style for all employees. Exchange relationship between director and employee can be good and poor quality or low quality (Rasuli and Shahae, 2009). Dimension of this approach includes loyalty, influence, professional respect and participation.

Crisis management is the process prevention of crisis or minimize its effects should the worst occur for the process planning and then look for ways to manage and resolve it (AMA, 2003). If you define crisis management as plan to control the crisis, four-step for planning crisis management should be conducted. First, we must predict tragic events, then the contingency plan should be set, so it should be formed and trained crisis management team and organization and finally have to complete applications, they will be implemented on a pilot basis and with practical exercises (Kritner, 2004). According to the literature, leader-member relations and crisis management in Iran are very low and the search was performed.

In Iran, there is not research on examining the relationship between leader-member on the quality of crisis management. Therefore, crisis management and consolidation of leader-member were two scope of the study, was to investigate the relationship between leader-member, four dimensions of loyalty, influence, professional respect and partnership and check the quality of crisis management of the four phases, including identifying the symptoms of the crisis, preparedness, response and recovery and learning was studied.

Based on this conceptual model was developed and is presented in Figure 1.

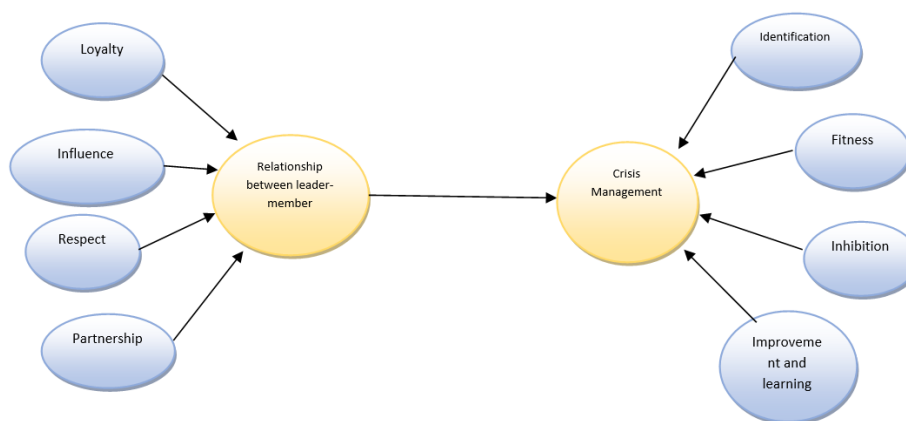


Figure 1 Conceptual Model Research

Based on the conceptual model, the study was designed to evaluate the following hypotheses:

- There is a relationship between leader-member and quality of crisis management in Iran Khodro Industrial services engineering company.
- There is a relationship between loyalty of leader-member and quality of crisis management in Iran Khodro Industrial services engineering company.
- There is a relationship between influence of leader-member and quality of crisis management in Iran Khodro Industrial services engineering company.
- There is a relationship between respect leader-member and quality of crisis management in Iran Khodro Industrial services engineering company.
- There is a relationship between partnership of leader-member and quality of crisis management in Iran Khodro Industrial services engineering company.

**3 Research methodology**

This study is descriptive and relational and in term of purpose is applied research. The population of this research managers and

employees in Iran Khodro Industrial Services Engineering Company. That number was 600. Cochran formula was used to determine the sample size of the research sample consisted of 280 people. In this study, to measure the relationship between the leaders – members, Maslyn questionnaire with 12 questions was used that has four components loyalty, influence, participation and professional respect. In order to measure the quality of crisis management using interviews with experts and professors of a questionnaire containing 26 questions in four dimensions detect the signs of crisis, preparedness, response and recovery and learning was designed and during the various stages of its reliability and validity were examined and approved. Cronbach's alpha coefficient for both scale and all its dimensions higher than 0.7 were obtained. Overall, 82.9% of the sample were male and 17.1% were women; 43.6% of the studied sample has an associate degree and lower, 43.6% Bachelor and 12.8% MA and PhD.

The average age of respondents in the sample is about 35 years, the average work experience of employees in the sample is 9.63; to analyze the data, SPSS-20, and AMOS-20 software was used.

**4 Findings**

To investigate the hypothesis, first correlation coefficient between leaders and members and different aspects as well as crisis management was examined and then the fitness of conceptual model was discussed.

Table 1. Pearson correlation coefficients between the variables

Pearson correlation coefficients					
Leadership relationship-member	Partnership	Respect	Effectiveness	Loyalty	
**0.53	**0.38	**0.44	**0.39	**0.46	Identification
**0.59	**0.48	**0.58	**0.32	**0.48	Fitness
**0.57	**0.44	**0.60	**0.30	**0.44	Inhibition
**0.52	**0.45	**0.52	**0.27	**0.40	Learning
**0.60	**0.48	**0.59	**0.35	**0.49	Crisis management

As Table 1 shows results, there is a significant relationship between loyalty of leader members with four dimension of the crisis management and with overall score of crisis management so that 24% of the variance of crisis management by the loyalty is explained ( $r=0.49$ ;  $0.05 > P$ ). Thus, the first hypothesis is confirmed.

Based on the results obtained in relation to the second hypothesis, influence of leader-member has a significant

relationship with the four dimensions of crisis management and with overall score of crisis management; so that 12% of the variance of crisis management by influence is explained ( $r=0.35$ ;  $0.05 > P$ ).

The results of third hypothesis showed that there are significant correlations between the total score of crisis management and respect as well as all its aspects and 35% of the variance of crisis management by respect is explained ( $r=0.59$ ;  $0.05 > P$ ).

Finally, the results of forth hypothesis showed that participation leader-member with four dimensions of crisis management and total scores of crisis management were significantly correlated and 23% of the variance of crisis management by the participation is explained ( $r=0.48$ ;  $0.05 > P$ ).

After examining the correlation between different aspects of the relationship between the leaders-member and crisis management, in order to investigate the simultaneous role of variables of structural equation modeling was used. Figure 2 shows the results of the relationships in the conceptual model.

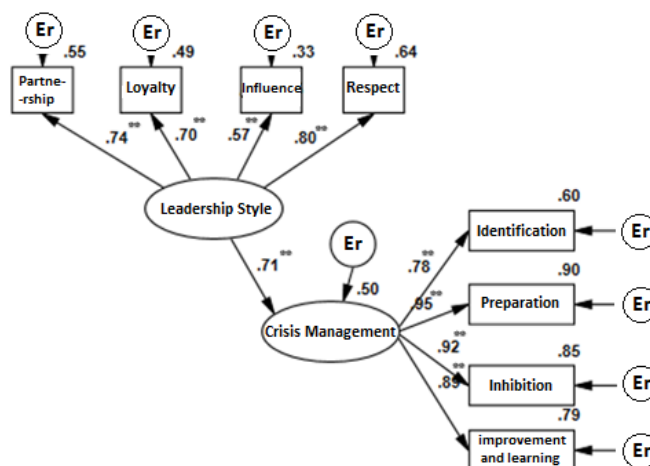


Figure 2 The relationship between leadership style and crisis management \* Coefficients that are significant at alpha level of between 0.01 to 0.05; \*\* coefficients that are significant at the alpha level less than 0.01

As has been shown in Figure 2, 50% of the variance of latent crisis management variable through leadership style is explained ( $r=0.71$ ;  $0.01 > P$ ). Also, based on the results of Figure 3, among the components of crisis management, leadership styles has

highest indirect relation level with readiness ( $0.95 \times 0.71=0.67$ ) and the lowest level of correlation had with the identification ( $0.78 \times 0.71=0.55$ ). Table 2 shows result of the calculation of fitness model index in Figure 2.

Table 2 Abstract indicators fitted to the model presented in Figure 2

	absolute fit index					Comparative fit indices					parsimony fit index	
	Chi-square/df	sig	SRMR	GFI	AGFI	NFI	RFI	IFI	TLI	CFI	RMSEA	PCLOSE
Allowed	<5	$0.05 \geq$	$0.08 \leq$	$0.90 \geq$	$0.90 \geq$	$0.90 \geq$	$0.90 \geq$	$0.90 \geq$	$0.90 \geq$	$0.90 \geq$	$0.08 \leq$	$0.05 <$
Model 2	2.61	0.001	0.05	0.91	0.84	0.94	0.91	0.96	0.94	0.96	0.11	0.001
Model 3	1.41	0.12	0.03	0.96	0.91	0.97	0.95	0.99	0.99	0.99	0.05	0.40

The results in table 2 show there have been significant levels of difference between the conceptual model with the relationship model based on the data collected ( $0.05 > P$ ).

The RMSEA value outside the limit ( $0.08 < RMSEA$ ) and indicate the amount PCLOSE that the amount has a significant difference with allowance limit in operation ( $0.05 > P$ ).

However, other indicators have generally are indicative of the fitted model:  $0.08 > SRMR$ ;  $0.90 < CFI$ ;  $0.90 < NFI$ ;  $0.90 < TLI$ ;  $0.90 < RFI$ . To improve the fit model, the proposed measures of

AMOS software to improve conceptual model calculated and the index based on the possibility theory of relationships, were included in the model. Table 2 shows the results of this calculation. According to proposed indicators, among components of leadership style and effectiveness of two components loyalty there is a significant area of overlap with together. In addition, a latent variable factor beyond the influence of leadership style, the only meaningful relationship with one of the aspects of crisis management by name has been identified. Figure 3 show the results of the modified model based on these proposals. As Table 3 show results of modified model of better fitness than Model 2.

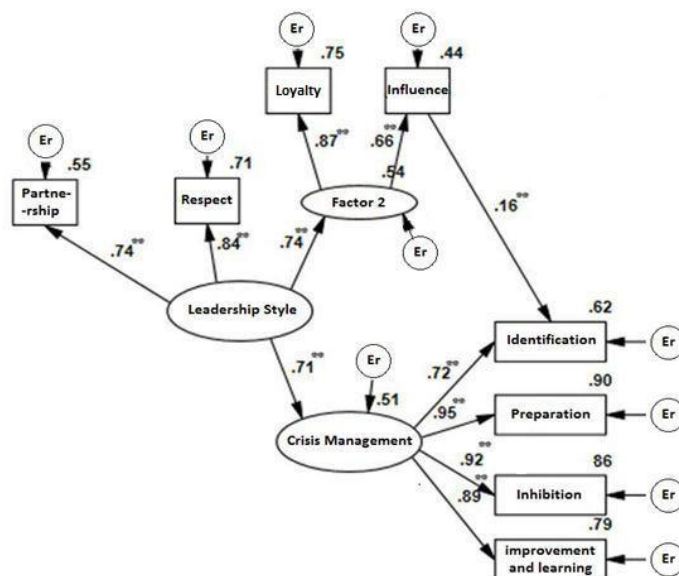


Figure 3 Modification of the relationship between leadership style and crisis management. \* Coefficients are significant at the alpha level of between 0.01 to 0.05; \*\*:

Coefficients that is significant at the alpha level less than 0.01.

As Figure 3 shows, a second level of influence in connection with the two components and loyalty have an impact of 44% of the variance ( $r=0.66$ ) and 75% of the variance loyalty ( $r=0.87$ ). Latent variable leadership style could explain 54 percent of the variance in latent crisis management ( $r=0.74$ ). On the other hand, also could influence the measured variable latent factors beyond identifying leadership styles could predict 3% of the variance ( $r=0.16$ ). Because of this relationship beyond the relationship between leadership and management style latent crisis and with regard to the least role that effective leadership styles among other components latent factor has played at least role in leadership styles. It seems the relationship between effectiveness and identify the association between leadership style is not unique.

## 5 Discussion and conclusion

This study aimed to investigate the role of leader-member relationship style and quality of crisis management in the Iran Khodro Industrial Services Engineering Company was done. The results of the research showed that among the four components of crisis management, adherence to the highest correlation with the level of readiness ( $r=0.48$ ), then identified ( $r=0.46$ ), inhibition ( $r=0.44$ ), and the lowest level of relationship by learning ( $r=0.40$ ) showed. As a result, loyalty 24 percent increase in improving latent variable of crisis management explained ( $r=0.49$ ). The results show loyalty with all four components of crisis management showed a significant correlation ( $0.40 < r, 0.05 > p$ ). This suggests that the role of leader-follower interactions can establish a pattern of loyalty in crisis management purposes is carried out. Factors influencing the highest correlation with the level of detection ( $r=0.39$ ), then readiness ( $r=0.32$ ), inhibition ( $r=0.30$ ), and the lowest level of relationship by learning ( $r=0.27$ ).

As a result, 12% increase in improving latent variable of crisis management explained ( $r=0.34$ ). The results of this study indicate that the most positively influential crisis management and leader-member influential role in predicting been identified. This means the effect of gravity and leader-member influencing factors and barriers crisis. Due to the relatively high correlation between the components of crisis management seems the communication path- to identify the most impact on the relationship between leadership effectiveness have complied with the other components of crisis management.

Dimension of respect of the aspects of leader-member relationship, the highest correlation with the level of inhibition ( $r=0.60$ ), then readiness ( $r=0.58$ ), learning ( $r=0.52$ ), and the lowest level of correlation with the identification ( $r=0.44$ ) showed. As a result, 38 percent increase in improving latent variable of crisis management explained ( $r=0.62$ ). The results of study show a positive relationship respect and leader - member with crisis management.

So leaders who treat their employees with respect to the critical path to self-actualization potential and create positive changes in their employees created and developed.

Finally, the last component of crisis management, partnership has highest correlation level with readiness ( $r=0.48$ ), then learning ( $r=0.45$ ), inhibition ( $r=0.44$ ), and the lowest level of correlation with the identification ( $r=0.38$ ) showed. As a result, participation 25 percent increase in improving latent variable of crisis management explained ( $r=0.50$ ).

The results of this study also showed a positive relationship participation of the leader-member and crisis management and leaders who have employees who are currently beyond the commitments in advance organizational objectives with managers and leaders participate, who is more responsible than to deal with crises and preparation for crisis management will be more efficient and more. The overall score for the leadership style between the components of crisis management had highest level of correlation with readiness ( $r=0.59$ ), inhibition ( $r=0.57$ ), identification ( $r=0.53$ ), and learning ( $r=0.52$ ) showed. The result of this relationship led to the leadership style 50 percent increase in improving latent variable of crisis management explained ( $r=0.71$ ). Among the components of leadership styles in position with respect to the sequence 0.62 ( $R^2=0.38$ ), in partnership with 0.50 ( $R^2=0.25$ ), loyalty to 0.49 ( $R^2=0.25$ ), and influential 0.34 ( $R^2=0.12$ ), the highest to the lowest level of crisis management showed correlation with latent variables.

The results of study show a positive relationship between total score of efficient style of leader-member and crisis management. Leadership style is the most important determinants of strategic management in the sense that improve leadership competencies through improving the quality and quantity planners and strategic management challenges that lie ahead, can be important for the success of the organization in dealing effectively with the crisis. On the other hand, as the results of this study showed that the most effective leadership style of crisis management,

predominantly through their influence on improving employees' perceptions of readiness and inhibition of organization than predicted and unpredicted crises. This can mean that when the recovery fails to gain leadership style and organizational readiness does not end in disaster management and it cannot expect favorable changes in other components of the organization.

Finally, based on the results of this study, it is recommended to use in devising educational programs based interventions to improve management style and leadership style special emphasis in the curriculum done. Based on the results of this research, interventions based on leadership style, to change the perceptions of respect and loyalty cannot expect much improvement in the indicators of crisis management.

## References

1. American Management Association (AMA); *Survey: Crisis management and Security*, 2003.
2. Darvish Zadeh, P., Akhavan, M.: *Crisis Management Framework based schools of thought Earl Knowledge management in earthquake disaster, a processing and guidance information research*, 2011. Vol. 27, p. 143-170.
3. Hosseini, F., Rayej, H., Steeri, M., Sharifi, SM.: *to examine the relationship between organizational culture and transformational leadership styles and the exchange of leader - follower*, Public Administration, 2010. Vol. 2 (4), p. 55-72.
4. Hosseini, J., Damanabi Asl A.: *review the effectiveness of the strategic management of the quality of crisis management operations Case study: railway transport industry*, research and Crisis Management Journal, 2013. Vol. 2, p. 77-86.
5. Kreitner, R.: *Management*, 7th ed.; Boston: Houghton Mifflin Co.; 2004 p. 618.
6. Liden, R. C., Maslyn, J. M.: *Multidimensionality of Leader-member Exchange: an Empirical Assessment through Scale Development*. Journal of Management, 199. Vol. 24, p. 43-73.
7. Mitchell, TR.: *[People in organization: an introduction to organizational behavior] (Trans. by Nazerinezhad MH)*. Mashhad: Astane-Ghods; 2014.
8. Rasuli R., Shahaei, B.: *the influence of the leader-follower exchange on job satisfaction Tehran Social Security Branch*, Landscape Management, 2009. Vol. 33, p. 67-84.
9. Shojaei Vahid, I.F., Soleimani B., Mohammadian, A.: *conflict management styles and quality of manager-employee relationship between sport organizations, a case study in Mazandaran province*, Journal of Research in Sport Management and motor behavior, 2009.