THE IMPACT OF TRANSFORMATIONAL LEADERSHIP ON PEOPLE EMPOWERMENT: THE MEDIATING ROLE OF ORGANIZATION CULTURE

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ABSTRACT

Given the ever-increasing of the importance of human capital and its role in achieving the strategic objective of organizations, managers, in addition to their managerial roles, should be able to choose their own leadership style based on the contextual and contingent factors. The survey of leading organizations indicates that the manager of these organizations plays a pivotal role in determining the future of their organizations. They are able to guide the culture of the organization towards a suitable and strong culture and motivate the employees for transformation. Studying the transformational leadership, identifying its dimensions and its components, and applying these superior methods result in saving financial resources, utilizing the greatest potential of human resources, increasing the scientific and practical level of employees and fast pacing strides toward the development of employees' empowerment. In this article, the impact of transformational leadership on the empowerment of employees considering the mediating role of organizational culture in a leading Iranian Bank known as bank Pasargad is examined. The statistical population of the study consists of all employees and experts in Branches of Bank Pasargad in West Tehran. Through a review of the relevant literature, a questionnaire was designed and distributed among the sample size. Through Exploratory and confirmatory factor analysis were performed and the proposed hypotheses were tested. Results show that the use of organizational culture creates a new environment for service organizations, and if it fits into the organization's operational activities, it can lead to success in providing new services. On the other hand, the use of creative ideas and enhancement of employees' decision-making power in the form of employees' empowerment through transformational leadership can help towards the more success of organizations.

Key words: Transformational Leadership, Empowerment, Organizational Culture, Pasargad Bank, Iran

INTRODUCTION

The importance of leadership has led thinkers and scholars of management to seek out the characteristics and features of successful leaders in organizations and they are always trying to mention the characteristics of a successful leader in organization, following these efforts in recent decades, several theories and leadership schools have been formed in the field of leadership and introduced to the scientific community. Also, in the realm of organizational studies and theories, the phenomenon of creativity, change and innovation has played a central role (Mirkamali et al., 2008).

One of the assumptions of organization's performance is that, employees' capabilities improve organization's internal processes. These capabilities are influenced by several factors, including organizational culture that is divided into various factors and different aspects, each of which has a different effect on the performance. In fact, the existence of culture helps the organization to have a clear, defined and understandable set of values of its strategic goal and direction (Huang et al., 2013). Organizational change requires moving from known to unknown, and since the future is uncertain and may have a negative effect on capabilities, values, and abilities of individuals, generally, the members of an organization do not support change unless there are compelling reasons to make them do it. In the same way, organizations strongly tend to invest in the current situation and resist change for future uncertain benefits (Bushra et al., 2011). Undoubtedly, behavior and style of leadership, taking into account organizational culture and empowerment of employees within the organization as a motivating factor for organizational change, have a great effect on the type of employees' needs and knowledge.

The importance of leadership in the process of managing change has been emphasized by the fact that change, based on the definition, needs to create a new system and then institutionalize new approaches (Kaya & Patton, 2011). On the other hand, organizations that pay attention to the organizational culture of their employees, implicitly, convey this message to them: employees are important for the organization and the organization pays attention to them, leading to the increase of organizational commitment of the employees, increase of likelihood of achieving its goals and improved public welfare. On the other hand, successful organizations have a learning background and their success in various stages of organizational development has not been unintentional and incidental. So, in current era, those organizations are successful that, while focusing on organizational culture, all their employees are working to enhance their capability, and the manager's task is to provide the

appropriate conditions for this training and empowerment process. Based on the aforementioned discussion and the importance of the issue for organizations, particularly in developing countries like Iran, the main objective of this research is to examine the effect of transformational leadership on empowerment of employees and organizational culture and how organizational culture mediates between transformational leadership and empowering employees in an Iranian leading bank known as bank Pasargard.

LITERATURE REVIEW

2. Literature Review and Hypotheses development

2.1. Transformational Leadership

Generally, leaders use two sets of different behaviors to affect their followers: firstly, transactional leadership and, secondly, transformational leadership. Since transformational leaders have a clear vision of the future, they seek to make changes and advance the organization towards accomplishing their objectives (Duarte et al., 2013). Transformational leaders are the ones who inspire their followers and can motivate them in a way that interests of the organization are met (Fonseca, A.M. et al, 2014). Results suggest that this leadership style (transformational) has a lot of advantages compared to transactional leadership and is more successful in achieving its goals. Transformational leaders, from their subordinates' point of view, are leaders who always support them and by creating bright and attractive perspectives, encourage and persuade their people (Binti and Others, 2017).

Transformational leadership has a positive effect on organizational performance; charisma and charismatic leadership positively modify the relationship between transformational leadership and organizational performance (Williams et al., 2018). Anderson (2018) by literature mentions that the performance of a senior executive in an organization with an emphasis on transformational leadership has a positive and direct effect on organizational innovation by encouraging employees. In recent years, much attention has been devoted to the new management model of transformational leadership. Leaders can lead their followers to more than expected performance using behavioral attributes of transformational leadership (Braun et al., 2013).

Leaders can lead their followers to perform more than expected by using behavioral characteristics of transformational leadership. (Brown and Treviño 2013). In fact, a transformational leader is one who empowers followers, motivates them and encourages individuals to follow collective interests rather than pursuing personal interests. Transformational leadership is a conscious, moral and spiritual process that builds the desired patterns of power relations between leaders and followers in order to achieve collective goals

and real transformations consistent with the pattern of social systems, and of course these systems are followed through reliable collaborative plans. The realization of this type of leadership will require significant changes in power relations, transformation of the power hierarchy, and the transition to a horizontal level based on the public equality. Therefore, transformational leadership is a complex and dynamic process in which leaders influence the values, beliefs and goals of followers. These leaders move the organization from present to future, identify the environmental needs and facilitate the changes. In addition, they create a prospect of potential opportunities for employees, and develop commitment to change, improvement of culture and the need to design new strategies for the optimal use of energy and organizational resources among them (Den Hartog & Dickson, 2013).

These leaders use optimism, attraction, intelligence and other personal abilities to promote the aspirations of others and enhance individuals and organizations to the highest level of performance. Transformational leaders, in times of crisis and change, design a perspective for creating new ideas and new facilities and often create new strategic directions. Braun et al., 2013) depict transformational leadership as a process that leaders and subordinates form the highest levels of ethics, conscience and motivation in each other. Transformational leaders are the ones who inspire their followers, can encourage and guide them in the direction that interests of the organization are provided. Since transformational leaders have a clear vision of the future, they seek to make changes and advance the organization in a way that realizes their imagination. Burns pointed out that transformational leaders have insight and make others challenge and attempt to do exceptional works.

According to this theory of leadership, a leader needs to use internal actors to perform the duties of the organization to achieve their desired goals. In this regard, the goal of a transformational leader is to ensure that the path to reaching the goal is clearly understood by the internal actors, as well as by eliminating the potential barriers within the system, they persuade the actors to achieve predetermined goals. These leaders can inspire followers, using the inspirational motivation, to produce new ideas for reaching the organization's perspective. Previous studies describe the characteristics of transformational leaders in this way: warm and sympathetic, good expression skills, intelligence, attention to colleagues and needing power. Researchers have suggested that firms and organizations transformational leadership need transformational leadership to improve their performance in changing the business environment in real life (Garcia-Morales et al., 2014).

Transformational leadership studies have been conducted in more than 1,000 companies in the United States and more than 12 countries, and a variety of studies have been

conducted on the relationship between transformational leadership and organizational performance, employees' behavior, productivity and so on. In all of these studies, the positive relationship of transformational leadership with individual and organizational results such as performance, satisfaction, commitment, organizational culture, etc. has been affected (Mano et al.,2014) in their study found that transformational leadership has a significant effect on organization culture. Moreover, organizational culture also has the ability to predict leader's innovation and leader's performance. Garcia-Morales et al. (2014) examined the effect of transformational leadership on organizational innovation and performance, depending on the level of organizational learning in the industrial company. The findings show that there is a positive relationship between transformational leadership and organizational innovation, between transformational leadership and organizational performance, and between organizational innovation and organizational performance (Alarifi, 2011).

Transformational leadership is one of the paradigms of leadership in organizational psychology, which has been widely studied. Transformational leadership increases subordinates' satisfaction and their trust in leadership and, in addition, their emotional commitment. Researchers have introduced four motivational factors: inspirational, idealistic influence, individual consideration and mental persuasion as the most important behavioral components of transformational leadership. Inspirational motivation is to provide an attractive perspective of the future, use emotional arguments and show optimism and enthusiasm; idealistic influence includes behaviors such as sacrifice for the benefit of the group, determination of a personal pattern and expression of very high ethical standards; individual consideration is to provide support, encouragement and clear instruction for followers, and mental persuasion is behaviors that increase followers' awareness of challenges and problems from a new perspective (Sun et al., 2013). Chang et al. have argued that transformational leadership at the organizational levels, called TFL, has a positive relationship with the performance of each sector separately. Sharing knowledge through transformational leadership at each level of organizational levels acts as an intermediary and moderator to create a positive relationship between transformational management at company level and unit level through empowerment of employees. (Chang Yi- Ying, 2018)

Accordingly, transformational leadership is a complex and dynamic process in which leaders influence values, beliefs and goals of followers. These leaders move the organization from present to future, identify environmental needs and facilitate changes. In addition, they create a perspective of potential opportunities for employees and, among them, develop

commitment to change, improvement of culture and the need to design new strategies for the optimal use of energy and organizational resources (Walumbwa & Schaubroeck, 2009).

Rita Men et al. (2013) by literature argue that transformational leadership affects employee perceptions through organizational reputation directly and through employee empowerment indirectly. Employees who feel more power in terms of perceived competence and decision-making control by empowerment have a more favorable evaluation of organizational reputation (Rita Men et al., 2013). Therefore, the first hypothesis is put forth as below;

H1: Transformational leadership has positive effect on empowerment of employees.

2.2. Psychological empowerment of employees and Organizational culture

In the field of psychology, empowerment refers to people's tendency to experience self-control, self-importance and self-freedom. In sociology, thoughts of empowerment are more referred to right-seeking movements (for example, women's rights and civil rights) in which people struggled to liberate and control their own personal circumstances. In addition, many writings that address social problems through social change are essentially focused on the empowerment of groups, that is, individuals try to increase their access to an empowered situation for social change. (Lawson, 2 006). Kenneth & Velthouse (1990) define empowerment based on the cognitive variables that determine motivation in employees and believe that empowerment is a multi-dimensional issue and consider it as a process of increasing the internal motivation of job, which includes being effective, competent, meaningful and the right to choose.

Human is the only intelligent element that has a main role as the coordinator of organizational factors along all other factors (Blanchard, 2009). Empowerment seems to be a type of major accepted strategy for continuous improvement and an abbreviation for a variety of ways to apply competencies of individuals in creative and new ways towards all aspects of performance in the organization. (Rothermel et al, 2013). Nowadays, empowerment of employees is one of the important issues of modern organizations both in private and public sectors. Because empowerment is one of infrastructural and effective elements of an organization and this effectiveness is increased when the power is distributed in the organization. Therefore, empowerment of employees is considered as a management technique that can be applied among all organizations as a means to meet the needs of the modern jobs of the organization (Chang et al, 2013).

Empowerment can be considered from two perspectives: structural empowerment and psychological empowerment. In the structural approach called mechanical and

communicational empowerment, the organization tries o share with employees the power sources and decisions. This kind of empowerment is the result of a process. In this approach, management is responsible for empowering employees and determining the extent, dimensions, and manner of creating and deploying the culture of this process in the employees. In this approach, empowerment is seen more as a stimulus to people coming from outside.

The second approach is empowerment from the psychological point of view, i.e. creating an inner sense in individuals so they can independently decide in their work process. In this view, the attitude of individuals to their duties and their role in the organization is considered. Psychological empowerment creates the conditions necessary to enhance the motivation of individuals to perform their duties by fostering the sense of competence or reducing the sense of disability. Researchers have suggested psychological empowerment as a motivational structure that includes four dimensions namely, meaningfulness, competence, autonomy and effectiveness (Moasa & Horia, 2013).

Without efficient people, achieving organizational goals is impossible. Hence, human resources play a major role in the growth, dynamism, and development or failure and destruction of organizations. The concept of empowering employees in the 1990s attracted the attention of many academics, researchers and management practitioners. Empowering employees as a theoretical concept has a great influence on organizational effectiveness and innovation. Empowered people are at high levels of job satisfaction, organizational commitment and job performance.

Kim et al. (2017) concluded in their studies that employees who have an empowerment strategy ahead named "leader member exchange" and are working with a flexible work plan are more likely to become empowered, and empowered workers and employees provide customers with services in the best way with a higher probability. In addition, the results of Kim et al. show that the effect of flexibility of plans and the "leader member exchange", referred to as "LMX", on the empowerment and effect of empowerment on performance of services among South Korean employees are more prominent than its New Zealander counterpart.

The study by Faisal & Whyte (2015) suggest that there is a positive linear relationship between "employee empowerment factors" and "productivity levels" in the organization. They showed that there is a positive correlation between organizational factors such as development of resources, increased participation of employees after empowerment and improvement of the processes 15). Also Baird et al., (2018) argue that the aforementioned

advantages could be obtained in organizations both directly and indirectly through employee empowerment and strengthening employees' empowerment at different organizational levels.

Organizational culture is a collection of all signs, customs, concepts, values and behavioral standards that is common between members of a human group and transmitted as a life experience from generation to generation. Organizational culture is defined as a major and important factor in shaping the organizational procedures, integrating organizational capabilities, creating solutions to face problems, and creating barriers or facilitating achievement of organizational goals. Individuals must act in accordance with the organization's cultural expectations and rules so that they can succeed in the organization (Stieger et al., 2014). Valmohammadi & Roshanzamir (2015) by literature mention that organizational culture is among key Determinants of organizational success. Zhang (2018) suggest that that identifying organizational culture and continuous change and improvement is one of the key ways to encourage employees to get involved and improve productivity in organizations. So based on the above discussion the following hypotheses are suggested:

H2: Transformational leadership has a positive effect on organizational culture.

H3: Organizational culture has a positive effect on empowerment of employees.

H4: Transformational leadership has appositive effect on empowering employees through the mediating role of organizational culture.

METHODOLOGY

3. Research method

The research from objective point of view is descriptive. The statistical population of the present study included all employees and experts of Branches of Pasargad Banks in West Tehran. The sample size was determined, using Cochran's formula. A using simple random method. The research data were collected through reviewing the relevant literature and designing a questionnaire according to the context of the surveyed organization. The reliability of the questionnaires was confirmed by Cronbach's alpha (0.866) and the validity of the tool was confirmed by the content method. The research data were analyzed using PLS software and using statistical, descriptive and inferential tests.

3.1. Statistical sample and population

The statistical population of the study consists of all employees and experts in Branches of Pasargad Bank in West Tehran. Based on the investigation, the size of the statistical population is around 240 people. Therefore, using the Cronbach's formula, the sample size is determined 148 people.

3.2. Data collection method and tools

The present paper is a field and applied research. So, for collecting information, two methods were used: "document review" by referring to library resources and taking notes and "field method" developing a questionnaire. The data required by the research are first collected using library resources and databases (secondary sources), and then, using the questionnaire (primary sources), the required data is collected and stored.

The questionnaire consists of three parts. The first part of the questionnaire includes a brief explanation of the questionnaire to provide more clarity to the respondents. The second part of the questionnaire includes personal information (demographic variables such as age, gender and job experience). The third part also includes questions related to research variables (transformational leadership, empowerment and organizational culture). The questionnaire used in this study is divided into 3 parts. The first part is taken from the Standard Transformational Leadership Questionnaire of Bass and Avolio (2000) which has been used vastly in previous researches. In the second part, empowerment of employees is measured using the standard questionnaire of Spreitzer (1999) and in the third part, the standard questionnaire of Denison (2000) has been utilized to evaluate organizational culture. The conceptual model of the research is shown in figure 1.
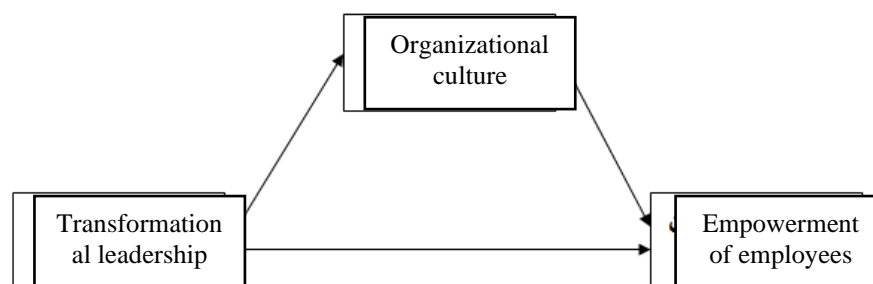

Figure1. conceptual model of the research, adapted from Pradhan et al., (2017)

3.3. Analysis of data

3.3.1. Exploratory Factor Analysis

The first step in the exploratory factor analysis process, which is also the first assumption, is to deal with missing data. This data can disturb the process of exploratory factor analysis. It should be taken into account that exploratory factor analysis is the most sensitive statistical technique that pay attention to missing data, and when these data are increased, the findings resulted from that cannot be trusted. Hence, the first assumption is mentioned with the title of "Minimum Missing" (less than 0.05).

In the process of dealing with missing data, two methods were used and the value of 0.2 was considered. In a way that if a particular subject left more than 0.20 of the questions without a response, it was removed from the research process. In this part, no subjects were excluded from the statistical analysis, because none of the subjects had questions with no response more than 0.02. Therefore, the factor analysis assumption called Minimum Missing (0.02) was observed in each subject. This action was applied to all of the questions and their coefficients of ambiguity were determined by reference to non-response. It was determined that all questions had a high coefficient of clarity, so that the coefficient of ambiguity of all questions was less than 0.02. Therefore, in this study, none of the subjects and none of the questions were eliminated because their coefficients of ambiguity were less than 0.02.

The second assumption of exploratory factor analysis refers to adequate sample size. Thus, at this stage, the value of KMO should be considered as an indicator of sampling adequacy. Most experts, in the field of exploratory factor analysis, mentions KMO as the measure of sampling adequacy calculated by three prominent people called Kaiser- Meyer- Olkin calculated and can show sampling adequacy If the KMO value is around 0.8, the data is suitable for factor analysis (Goldaste et al., 1998).

Table 1 shows the KMO measure for sampling adequacy for the use of factor analysis. Given the high value of the KMO index, the sample number is sufficient and suitable to perform factor analysis.

Table 1. KMO index of factor analysis

	KMO index	**Interpretation**
Value of statistic	0.849	the sample size is sufficient and suitable.

The third assumption of exploratory factor analysis is known as the normality of multivariate distribution. In multivariate distributions, the characteristic of normality is mentioned in another way and the term sphericity is used. Sphericity, which is also called the normality of the multivariate distribution or the normality of covariance matrixes, does not in itself have any meaning. In the identification of sphericity, the mathematical distribution of chi-square approximation must be emphasized. In cases where the value of sphericity in the chi-square approximation is significant, it can be noted that sphericity has become significant. To determine the corresponding point in the chi-square approximation, the degree of freedom

is used, the value of which is closely related to the sample size, but in its calculation, complex mathematical formulas are used that mentioning it is beyond the subject of the present discussion. It is therefore suggested that there are special tests for sphericity, in other words, the interpretation of the value of sphericity is made in the chi-square approximation, and its significance indicates sphericity. Bartlett test, Hartley test, and in rare cases, Lyon test are used to identify and evaluate sphericity, but Bartlett test is one of the most valid tests used to identify sphericity, with emphasis on chi-square approximation in the factor analysis process. Table 2 shows the normality of the multivariate distribution of the research factors.

Table 2. Evaluation of the value of sphericity

Sphericity test	Value of chi-square approximation	Degree of freedom	Level of significance	Interpretation
Bartlett test	2052.142	561	0.000	Full sphericity (Multivariate normal distribution is obtained)

The fourth assumption of exploratory factor analysis is to identify the values of the commonalities. So that the correlation of each question with the whole test must be a representation of the internal consistency of questions; that is, each question must have commonality with the whole test. To do this, there are two methods for extracting factor loads:

The first criterion is a practical rule, based on this criterion, those factor loads which are, in terms of absolute value, greater than 0.05 are considered and the rest are eliminated. In this case, the sample size must not be too small (the minimum sample size must be 50). Considering factor analysis on the 34 items derived from the research variables, three factors are identified as the main factors. These three factors, according to the literature review, are named as:

- Transformational leadership

- Organizational culture

- Empowerment of employees

Table 3 shows the results of factor analysis, factors, and items identified for each factor.

Table 3. Results of factor analysis, factors, and items identified

Factors identified	Number of the item
Transformational leadership	Questions Q1 to Q11
Empowerment of employees	Questions Q12 to Q18
Organizational culture	Questions Q19 to Q34

3.3.2. Confirmatory Factor Analysis

Before entering the stage of testing the hypotheses and the conceptual model, it is essential to ensure accuracy of the models for measuring the exogenous and endogenous variables. This was done through "confirmatory factor analysis" of the first, second and third times. Confirmatory factor analysis is one of the oldest statistical methods used to investigate the relationship between the latent variables (main variables) and the observed variables (questionnaire items) and represents the measurement model. This technique, which estimates the parameters and tests hypotheses based on the number of underlying factors among the indicators, is based on a strong empirical and theoretical basis and determines which variables are correlated to which factor (the dimensions of that factor) and also which factor is correlated to which of the factors. The factor analysis is a subset of "construct validity". Factor analysis method is used to identify the underlying variables of a phenomenon or reduce the data set. Factor analysis has two kinds of exploratory factor analysis and confirmatory factor analysis. In the exploratory factor analysis, the researcher seeks to discover the underlying structure of a relatively large set of variables, and the initial assumption is that each variable may have relationship with any factor. In other words, the researcher does not have any initial theory in this method. In the confirmatory factor analysis, the underlying assumption is that each factor has relationship with a certain subset of variables. The minimum requirement for the confirmatory factor analysis is that the researcher has a certain assumption regarding number of the model factors before the analysis, but while the researcher can also incorporate his expectations of the relationships between the variables and the factors in the analysis. In confirmatory factor analyzes, the goal of the researcher is to determine a specific factor structure.

3.3.3. Construct validity

The construct validity is for us to determine whether the data collection tool or method represents the theoretical construct or the underlying theories of the variable under consideration well and has consistency with it. The construct consists of a group of related variables. Construct validity emphasizes that to which extent the test measures the theoretical construct or the desired attribute. This measure requires three basic steps: First, the test constructor must carefully analyze the attribute. Next, s/he must consider how the attribute is related to other variables, and then determine, by test, whether these hypothetical relationships really exist or not.
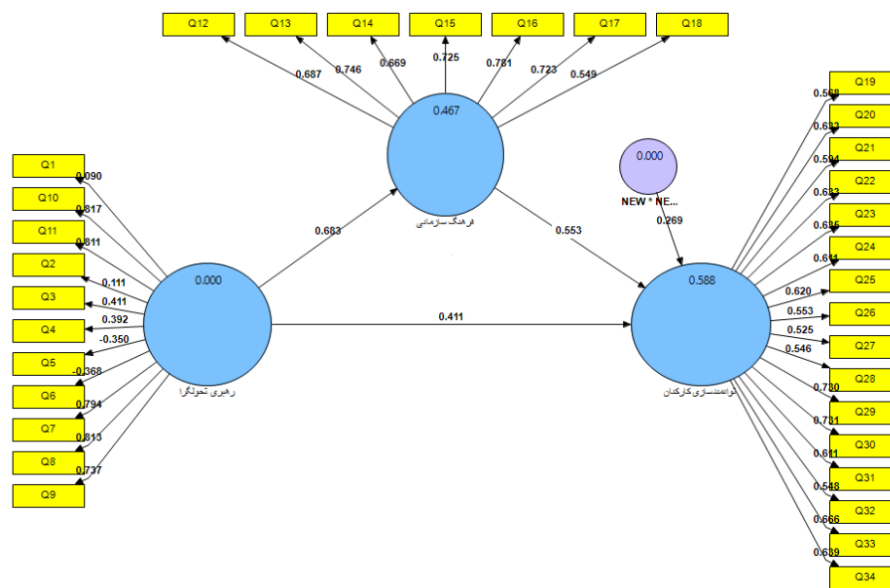

Figure 2. The research model (estimating standard coefficients mode)

Figure 2 shows the model of confirmatory factor analysis and structural equations in estimating standard coefficients mode. The variable of organizational communication is exogenous, the variables of communication satisfaction, job satisfaction and organizational commitment are endogenous. In this diagram, numbers or coefficients are divided into two categories. The first category is called "measurement equations", which are the relationships between hidden variables (ellipse) and obvious variables (rectangle). These equations are called factor loads. The second category is "structural equations", which are relationships between hidden and hidden variables and used to test hypotheses. These coefficients are called path coefficients. Factor loads have been used to analyze construct of the questionnaire and to discover the constituent elements of each construct.
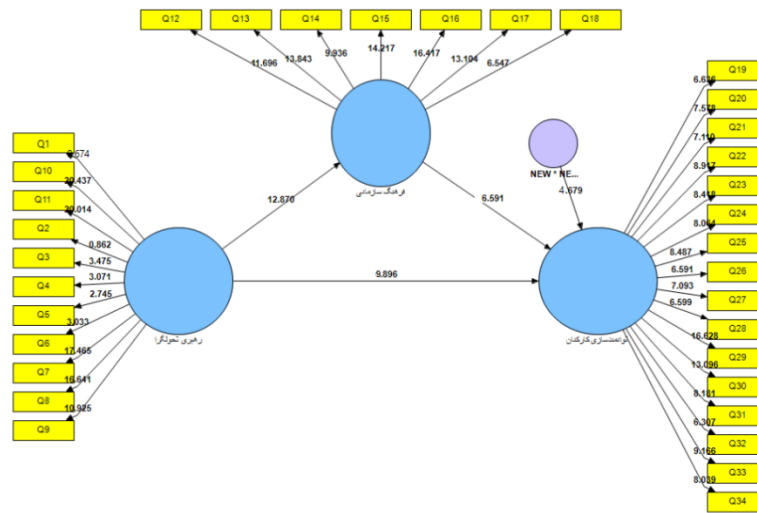
Figure 3. Research model in absolute value of significance (| T-Value |)

Figure 3 demonstrates the model of confirmatory factor analysis and structural equations in absolute value of significance of coefficients (t-value). This model actually tests all measurement equations and structural equations using t statistic. According to this model, all factor loads and path coefficients are significant at 95% confidence level, if the value of their t statistic is greater than 1.96. As it is clear, all factor loads and path coefficients are significant and their t statistic is within the range of significance. The significant coefficients mentioned between the independent and dependent variables of the research have been used to confirm or reject hypotheses that all of them confirm the research hypotheses. According to the results of the factor coefficient table, all components have factor loads greater than 0.4 and are significant. Therefore, none of the questions of the questionnaire is eliminated and all questions have a decisive role in this research and the questionnaire has the necessary validity.

3.3.4. Convergent Validity and Internal Consistency

In order to measure convergent validity, we consider three units that are factor loadings, average variance extracted and composite reliability or construct reliability. The average variance extracted is the use of a convergence scale among a set of observed items of a construct. In fact, a percentage of the variance described is among the items. This average variance extracted must be higher than 0.5 to confirm one of the criteria of convergent validity. Composite reliability must be 0.7 or higher, indicating the adequacy of internal consistency (Fornell & Larker, 1981). Factor loads, as shown in the diagrams of the standard coefficients, are acceptable, and all factor loads have a coefficient higher than 0.4. To

evaluate the convergence validity, the following values are calculated and, if the conditions in table 1 are met, we can claim that construct validity is confirmed.

1. Construct Reliability (CR)
2. Average variance Extracted (AVE)
3. Maximum Shared Squared Variance (MSV)
4. Average Shared Squared Variance (ASV)

Table 4. indicators of validity, reliability and fitting of the model

Hidden variables	AVE	CR	R^2	Cronbach's alpha	$\sqrt{\overline{AVE}}$	$\sqrt{\overline{R^2}}$	GOF
ransformational leadership	0.81 2	0.9 20	0.5 11		0.732	0.564	
Empowerment	0.61 2	0.8 61	0.4 80				0.413
Organizational culture	0.77 3	0.9 40	0.7 02				

Table 4 shows the validity, reliability, and fitting of the model. Convergent validity has been used in this study in the sense that the indicators of each construct eventually provide a good separation in terms of measurements compared to other constructs of the model. In simple terms, each indicator measures only its own construct and their composition is such that all constructs are well separated from each other. Using the indicator of average variance extracted, it was determined that all the studied constructs had the average variance extracted higher than 0.5. The indicators of composite reliability (CR) and Cronbach's alpha have been used to test the reliability of the questionnaire. All of these coefficients are higher than 0.7, indicating the reliability of the measuring tool.

3.3.5. Indicator of goodness of fit of the model (GOF)

This indicator shows the compromise between quality of the structural model and the measured model and is equal to:

(2)

$$GOF = \sqrt{\overline{AVE}} \times \sqrt{\overline{R^2}}$$

Where, $\overline{AVE}$ and $\overline{R^2}$ are averages of AVE and R^2. The higher value of GOF indicator than 0.4 shows fit of the model. The value of the fitting indicator is 0.412 and is greater than 0.4,

indicating the appropriate fitting of the model. Simply put, the data of this research has appropriate fitting to the factor structure of the research and the theoretical basis of the research, which indicates that the questions are consistent with the theoretical constructs.

4.Validation of structural models

After validating the measurement models, the structural model of the research is examined. The structural model validation criteria are descried in table 5.

Table 5. The structural model validation criteria

Type of validation	Indicator	Interpretation of the indicator	Source
Model validation	Coefficient of Determination (R^2)	The explanatory variance of an endogenous variable measures its total variance by exogenous variables. For this indicator, values greater than 0.670 are strong, greater than 0.333 are medium and less than 0.190 are weak.	Chin (1999) and Ringle (2005)
Model validation	Path Coefficients	The path coefficients between hidden variables must indicate the type of relationship between the two variables based on the algebraic sign, value and significance. The negativity of the coefficient, the inverse relationship and the positivity of the coefficient show direct relationship between the two variables.	Chin (1999)

Table 6. Structural equation results for evaluating the research hypotheses

Research hypotheses	Beta	t	Status of hypothesis	Direction of relationship
Transformational leadership ⟶ empowerment of employees	0.411	9.869	Confirmed	+
Transformational leadership ⟶ organizational culture	0.683	12.870	Confirmed	+
Transformational leadership ⟶ organizational culture * empowerment of employees	0.269	4.679	Confirmed	+
Organizational culture ⟶ empowerment of employees	0.553	6.591	Confirmed	+

As table 6 indicates based on the results obtained from the structural equation coefficients, the value of t for all parameters are within the range of corresponding t values. Therefore, all the hypotheses are confirmed at confidence level of 95%. The coefficient of determination

also indicates that the independent variable explains to what extent the dependent variable changes.

5. Discussion and Conclusion

The results obtained from the structural equation coefficients of the first hypothesis confirmed that transformational leadership has a significant effect on empowerment of employees at the confidence level of 95%. This result is consistent with the findings of Den Hartog & Dickson (2013) where the authors found that transformational leadership and culture play an important role in empowering of people .and supports the findings of Chang's (2018) study which in his study found that Unit-level knowledge sharing mediates the positive relationship between firm-level transformational leadership and unit-level performance.

Regarding the analysis of the second hypothesis, it can be inferred that the relationship of transformational leadership with organizational culture, with t value of 12.870, is significant. The effect of transformational leadership on organizational culture is 0.683. Therefore, this hypothesis is confirmed. It can be said that transformational leadership has a significant effect on organizational culture. This result is consistent with the results of research done by Garcia-Morales et al. (2014) where these authors found that transformational leadership positively affects organizational performance and innovation in Spanish firms. and supports the findings of Chang's (2018) study which in his study found that Unit-level knowledge sharing mediates the positive relationship between firm-level transformational leadership and unit-level performance. As knowledge sharing can be considered as a core value of an organization's culture.

In the inferential analysis of the third hypothesis, it is obvious that organizational culture mediates the relationship between transformational leadership and empowerment of the people. As the effect is 0.269, at the confidence level of 95%, therefore, it can be concluded that transformational leadership affects positively the empowerment of employees through mediating role of organizational culture. As a result, it could be concluded that organizational culture has a significant effect on empowerment of employees. This result is consistent with the results of Garcia- Morales et al. (2014) and Huang et al., 2013, Walumbwa (2009). Considering the inferential analysis of the fourth hypothesis, it can be admitted that the relationship of organizational culture with empowerment, with t value of 6.591, is significant. And the amount of effect of relationship of organizational culture on empowerment is 0.553. Therefore, the forth hypothesis is also confirmed, too. This result is

consistent with the results of research by Zhang (2018) where the author presents an analytical model of knowledge management (KM) in which employees' fit with a firm's organizational culture improves with their sharing and learning of the firm's common organizational practices. Which demonstrates the important role of leadership fortifying the organization culture towards increasing the performance of employees.

5.1. Limitations and direction for further research

This study suffers from some limitations. One the most important limitations of this research can be attributed to its generalizability, as this study was done in some branch of a private bank in the context of Iran. Therefore, is recommended towards removing the limitation and in order to increase the validity of the obtained result, this research to be replicated in the Iranian public banks. The result of the study might provide a good ground to find out and compare any a differences between organizational culture and leadership styles of private and public banks in the context of the Iranian banking industry.

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