AN EMPIRICAL STUDY OF TRANSFORMATIONAL LEADERSHIP IN RELATION TO ORGANIZATIONAL CHANGE

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Abstract:

In this era of globalization characterized by uncertain and dynamic environment of strong competition, this study argued that organizations by using Transformational Leadership as a determining strategy can make the organizational change process successful. By using quantitative approach, descriptive, correlation and regression statistic was applied for data analysis. This paper provided empirical evidence that Transformational leadership characterized by idealized influence, inspirational motivation, intellectual stimulation and individualized consideration has a significant impact on organizational change process. The conclusion of this study proposed that transformational leadership implement multiple courses of actions to make the organizational change effective.

Key words: Transformational Leadership, Idealized Influence, Inspirational Motivation, Intellectual Stimulation, Individualized Consideration, Organizational Change.

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1.Introduction:

In this era of globalization , organizations are seeking transformational leaders to cope with multiple challenges like coordination, positive working environment, managing teams, innovation, task completion. Transformational leadership is the advanced theory followed by most of the organizations now days. Burns (1978) stressed the significance of Transformational leadership and later on many scholars conducted researches to explore the concept of this theory. Bass contribution is significant towards the development of transformational leadership theory. Transformational leadership promotes authorization, strategic thinking and self-confidence. Transformational leaders implement change process more effectively and efficiently. Today's organizations have realized the importance of being transformed to cope with the competitive challenges of globalization.

A large number of researchers suggest that Transformational Leadership is of great importance in organizational change and effectiveness (Bass & Avolio, 1994). Previous researches have highlighted the leadership theories helped in shaping and directing the success of the organization (Roncesvalles & Sevilla, 2015). Many scholars have conducted the research to explore the concept of Transformational leadership theory over the last few decades. However, the articles investigating the relationship between transformational leadership and organizational change are few. This study identified to what extent the Transformational leadership theory is practiced in textile sector of Pakistan.

This study reviewed the literature relevant to Transformational leadership theory that described the leadership skills required for a successful change management. Furthermore it highlights the importance and implications of Transformational leadership style in bringing an innovative and successful change within the organization. As the organizational change process is very complex and challenging, leadership plays an important role in the change process. This study described different characteristics of Transformational leaders along with its relation to a successful organizational change.

1.1 Objectives:

- To explain the relationship between Transformational leadership and successful organizational change.

- To what extent the Transformational leadership is practiced in textile sector of Pakistan.

1.2 Research Framework:
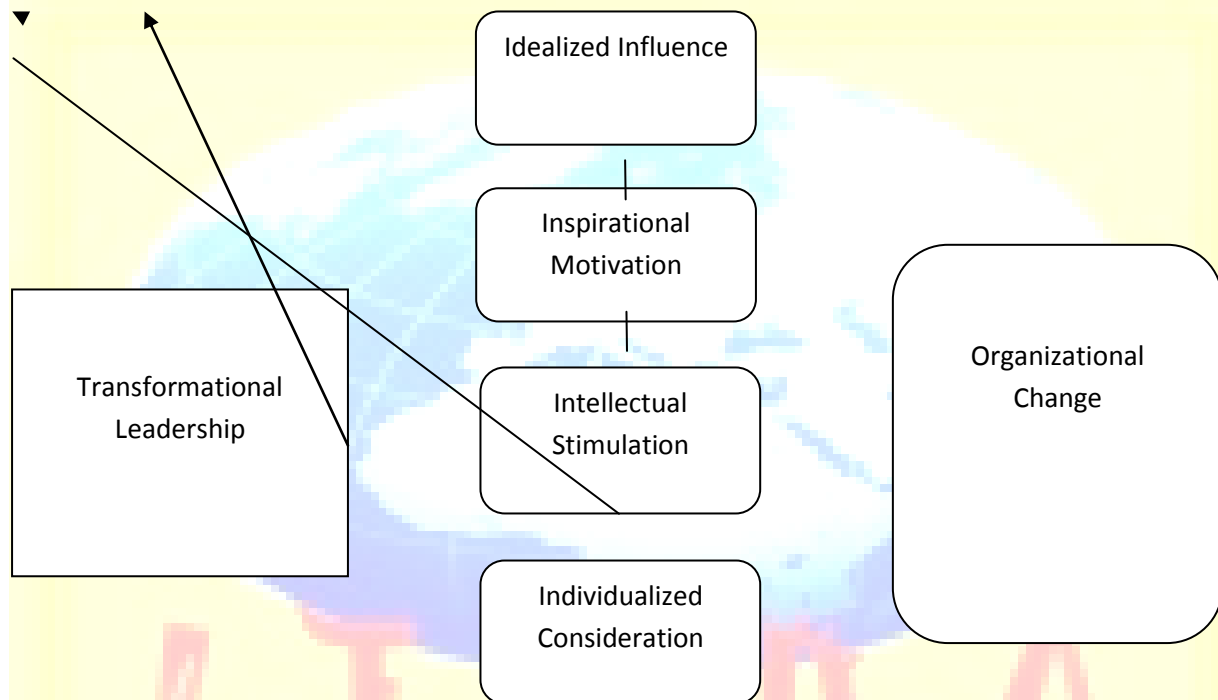
2. Literature Review:

2.1 Transformational Leadership:

The idea of Transformational leadership was given by Downton (1973) and later on Mac Gregor (1978) used this term in his book 'Leadership'. Burns (1978) relates the transformational leadership theory with the Maslow's hierarchy of needs theory, and argued that transformational leadership enhances employee's motivations by changing their values and beliefs so they can work beyond their personal interests, to pursue organizational goals. In 1985, Bass has given Transformational Leadership theory and presented models of behavior. Transformational leaders required certain qualities that may include work as change agents, trust ability, clear vision, innovative approach, team oriented and ability to face uncertain situations.

Bass (1985) discussed the common attributes of leadership associated with organizational change that are formulation of strategies in order to achieve vision, vision communication to promote changes and follower's motivation for task completion in a specific time frame.

Transformational leadership's behavior support personal development of employees by increasing their commitment towards Organization (Bo, 2014). Effective leadership creates an environment of trust in which employees feel free to express their opinions and generate innovative ideas (Belias & Koustelios, 2014). Transformational leaders play a significant role in improving employee's performance by increasing their confidence and enable them to achieve the organizational goals. Transformational leaders exert a dominant influence on employees to bring a successful change within the organization (Belias & Koustelios, 2014).

Bass and Avolio (1994) classified the skills of Transformational Leaders as Four I's

2.2 Idealized Influence:

Idealized influence is a process of trust and confidence building by providing followers a role model (Simic, 1998; Bono & Judge, 2004). A leader who has the skill of idealized influence is recognized as a role model for the followers. This ability develops trust among employees and reduces the level of resistance towards change. Idealized influence represents the admirable behavior of a leader who has defined set of values (Odumeru & Ifeanyi, 2013). A leader is being appreciated by the followers that make the change process effective. Transformational leaders with idealized influence skill work beyond their personal interests by representing the ethical behavior and motivate the followers to use their potential for achieving the organizational objectives. Gellis (2001) linked the Idealized influence to charisma. Followers having confidence in leader accept the change without resistance (Hay, 2006).

2.3 Inspirational Motivation:

Inspirational motivation is a process of motivating entire organization by providing them meaningful work to act on new ideas (Hay, 2006). Transformational Leader has the ability to inspire, motivate and stimulate followers to work as a team and respond positively to a new idea or change. The leaders formulate an appealing and compelling vision to inspire and motivate the

followers about future goals (Odumeru & Ifeanyi, 2013). The behavior of the Transformational leader should inspire and motivate the followers to be the part of organizational environment and culture (Kelly, 2003). This can be achieved by stimulation of team work, motivational conversations and inspirational speeches (Simic, 1998)

2.4 Intellectual Stimulation:

Intellectual stimulation refers to empowering the employees to initiate ideas without having any fear of punishment (Stone et al., 2003). Transformational leader enhance the creative and innovative skills of followers. This is the ability of Transformational leader to give their followers an environment in which they are free to express their ideas and provide solutions to a problem. Transformational leaders encourage the employees to be aware of problems by increasing their capacity to resolve those (Bono & Judge, 2004). Leaders stimulate and encourage the creativity of followers and overcome the hurdles they faced in the way of their mission (Odumeru & Ifeanyi, 2013). Transformational leaders motivate the employees to be innovative & creative and resolve the problems by approaching new ways (Barbuto, 2005).

2.5 IndividualizedConsideration:

Individualized consideration is a ability of a leader to analyze the follower as an individual. A Transformational leader must be aware of different needs and wishes of followers and has the ability to use them in an appropriate way. Individualized consideration is a process of treating people individually on the basis of talent, skills, knowledge (Shin & Zhou, 2003). By analyzing the follower's behavior, a leader should assign those tasks accordingly. Leaders pay individual attention and appreciate the contribution of everyone in the tasks performed in a team (Odumeru & Ifeanyi, 2013). This can be done through the expression of thanks, equal distribution of workload, individual coaching, mentoring and by providing opportunities for growth and development (Hay, 2006).

The skills and abilities mentioned above are the essence of Transformational leadership and key to successful organizational change (Simić, 1998). Successful leaders set an example by influencing individuals and promoting dramatic changes (Chen, 2004). Transformational Leaders influence employee's motivation (Hamidifar, 2010). Creative vision, ideas and strategies connect

the Transformational leader with employees well (Chaudhry, 2013). Transformational Leadership is Associated with change Effectiveness and this model is proved to be the best model in this global market (Sides et al., 2006). Transformational Leadership style is the most effective style of the leadership that significantly impact organizational learning in order to achieve innovation and competitiveness (Vargas, 2015).

2.6 Organizational change:

Senior & Flaming (2006) explained the change process by segmenting it into three phases. 1. Unfreezing: To become aware of change. 2. Moving: Employees have a fear in this phase as they have to adopt new changes by leaving the previous set up. 3. Refreezing: In this phase, change becomes a routine as it is accepted by the employees in an organization.

In this era of globalization, the need for organizational change is significant in order to compete and survive in the market. Organizational change can be internal or external, planned or unplanned and occur in result of any opportunity or threat but in every case change process is very complex. Systematic Approach is used for planned changes and increases the functionality of the organization. In case, Organizations do not respond to change can't survive in the market in long run (Boston.MA, 2000). Organizational change process is very complex but successful change process lead the organization towards prosperity.

Organizational change should be managed effectively in order to achieve the goals of the organization (Boston.MA, 2000). It is important for the Organization to understand and implement the change process in order to survive in the high competitive global market (Abbas & Asghar, 2010).

2.7 Transformational Leadership and Organizational Change:

There are various leadership perspectives but Transformational leadership is mostly linked with organizational (Bass and Riggio, 2006). Transformational leadership promotes employee commitment towards change by increasing their trust and confidence level. Transformational leaders aligned the Organizational and employees vision that motivate the employees to devote their efforts in order to attain the goal. Transformational leaders identify the need for change,

create vision and share it with employees, guide and motivate them to complete the challenging goal of change (Bass, 1999).

Behavior of transformational leaders results in high quality relationships. High quality relationships increased the communication and trust level between employees and management. Further, Transformational leaders create compelling vision, involve employees in decision making and problem solving that in turn ease the process of change (Crater et al., 2013). Transformational leader's communication about organizational change develops a sense of belonging by promoting their organizational identification (Chaudhry, 2013).

Galpin (1996) has proposed some steps that leaders should adopt to make the change process effective. 1. To identify the need for change. 2. To develop a compelling vision about the results of change. 3. To empower teams to develop and implement strategies in order to assure the success of change. 4. To incorporate the change process with the organizational culture for the sustainability of change. 5. To develop certain skills and attributes required to make the change effective

Organizations need to be more adaptive towards and the fundamental requirement of change is Transformational leadership (Sidra et al., 2006). Transformational Leaders implement the change process more effectively by promoting authorization, strategic thinking and self-confidence (Mohammad et al., 2011). Transformational leader should be capable to implement the change process successfully by creating vision, developing strategies and motivating the employees to get a better organizational performance (Ngadiman et al., 2013).

3. Methodology:

3.1 Research Design:

This research adopts a quantitative approach (Voet, 2014) to explore the relationship between transformational leadership and organizational change.

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3.2 Data Collection Instrument and Sampling Technique:

A well designed questionnaire using five point likert scale ranged from strongly disagree to strongly agree is distributed among 120 employees working in textile sector of Pakistan for in depth analysis. A questionnaire comprised of three parts: demographic, Transformational leadership and organizational change. The measure used for transformational leadership consists of 16 items with four dimensions (intellectual stimulation, individualized consideration, Idealized influence, inspirational motivation) whereas the measure for organizational change comprised of 10 items.

3.3 Data Analysis:

After collecting the data, cronbach's alpha reliability test was run to determine the reliability of variables used in the questionnaire. After checking the reliability, descriptive statistics, correlation and regression (Voet, 2014) was applied to determine the association between Transformational Leadership and Organizational change.

3.4 Results of the Study:

Table 1: Reliability Statistics

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.931	.934	26

The reliability statistics was applied on the data collected from textile sector to check the reliability of the variables. In Table 1, the value of cronbach's alpha is .931 that indicates the 93% reliability of the variables used in the analysis. The high value of cronbach's alpha indicates the high reliability of drawing association with data and better representation of scale.

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Table 2: Descriptive Statistics

Descriptive Statistics			
	Mean	Std. Deviation	N
A_OC	4.1765	.42897	119
A_TL_II	4.3067	.44915	119
A_TL_IM	4.3235	.40305	119
A_TL_IS	4.2248	.45728	119
A_TL_IC	4.2647	.46177	119

The descriptive statistics table revealed the level of transformational leadership comprised of idealized influence (Mean: 4.30, S.D : .449), inspirational motivation (Mean: 4.32, S.D : .403), intellectual stimulation (Mean: 4.22, S.D: .457) and individualized consideration (Mean: 4.26, S.D : .461) in relation to organizational change (Mean: 4.17, S.D: .428). It shows the positive response of the employees towards their leader. The mean of the inspirational motivation is highest among all other characteristics of Transformational leadership that shows this attribute is dominant in the leaders. The leaders have succeeded in developing trust based relationships (Bono & Judge, 2004) while working for the good of employees beyond their self-interest as mean of Idealized influence is the second highest in the table 2. Therefore, the leaders are playing very crucial role in implementing a change process by engaging and motivating the employees.

Table 3: Correlation Analysis

Correlations		A_TL_II	A_TL_IM	A_TL_IS	A_TL_IC	A_OC
A_TL_II	Pearson Correlation	1	.714**	.588**	.630**	.613**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	120	120	120	120	119
A_TL_IM	Pearson Correlation	.714**	1	.694**	.732**	.671**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	120	120	120	120	119
A_TL_IS	Pearson Correlation	.588**	.694**	1	.749**	.776**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	120	120	120	120	119
A_TL_IC	Pearson Correlation	.630**	.732**	.749**	1	.791**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	120	120	120	120	119
A_OC	Pearson Correlation	.613**	.671**	.776**	.791**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	119	119	119	119	119
**. Correlation is significant at the 0.01 level (2-tailed).						

The Association between Transformational Leadership and Organizational change was examined by applying the Pearson's correlation. The table 3 reports the correlation of organizational change with idealized influence (r=0.63), Inspirational Motivation (r=0.671), Intellectual Stimulation (r=0.776) and individualized consideration (r=0.791). The results show the significance of all the variables whereas the individualized consideration is most highly correlated variable. A strong correlation between transformational leadership and organizational change indicates that transformational leaders are playing crucial role in increasing employee's willingness to change (Voet, 2014).

Table 4: Regression Analysis ANOVA

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15.418	4	3.855	69.792	.000ᵃ
	Residual	6.296	114	.055		
	Total	21.714	118			

a. Predictors: (Constant), A_TL_IC, A_TL_II, A_TL_IS, A_TL_IM
b. Dependent Variable: A_OC

In table 5 of ANOVA, statistical value of F is Significant as it is less than .05 indicating the statistical significance of the model.

Table 5: Regression Analysis Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.843ᵃ	.710	.700	.23501	.710	69.792	4	114	.000

a. Predictors: (Constant), A_TL_IC, A_TL_II, A_TL_IS, A_TL_IM
b. Dependent Variable: A_OC

The table 4 of model summary shows coefficient of determination (R^2) is 0.71 proposed that 71% variation in organizational change is due to the designed model. Hence the results proved that Transformational leadership Characterized by idealized influence, inspirational motivation, intellectual stimulation and individualized consideration (Bass and Avolio, 1994) has a significant impact on organizational change process. The results indicated the transformational leaders engage the followers in the change process that leads to higher outcomes (McCloskey, 2015).

4. Conclusion:

Keeping in view the significance of organizational change, this research explored the transformational leadership role in this regard. A large number of studies relevant to transformational leadership support the above discussion arguing that transformational leadership is beneficial to the organization as it provides compelling vision, intellectual stimulation, role models and individualized consideration (Judge & Piccolo, 2004; Dumdum et al.,2002). This research indicates that Transformational leadership is beneficial in facilitating the organizational change process (Albion & Gagliardi, 2007).

The results of this study are consistent with other researches that transformational leadership has a significant relationship with organizational change (Long & Mao, 2008; Penava & Sehic, 2014). Vera & Crossan (2004) concluded that Transformational Leadership is the best style that suits in the times of change and seems to impact more dominantly (Vargas, 2015). Transformational leaders recruit followers through building relationships and inspiring them with their compelling vision, creative ideas and shared values in the transformation process (Bass & Avolio, 1990).

4.1Recommendations:

This research assessed the transformational leadership due to its core importance and relevance to change process (Bass & Riggio, 2006). This research is a significant contribution to the existing literature and helps in better understanding of Transformational Leadership in relation to organizational change. Transformational leadership plays a crucial role in successful organizational change process but got least importance in the private sector of Pakistan. This paper can be good source for the management to understand the importance of Transformational leadership in the implementation of effective change process. This research supports the leader in increasing their abilities relevant to successful organizational change process and the effectiveness of followers as well. The findings of this study suggest that leaders throughout an organization should possess transformational leadership behavior (Jong & Bruch, 2013). The results of this research helped the management to recognize the transformational leadership characteristics that played a critical role in implementing an effective change process in organizations.

4.2 Limitations and future research:

This study is based on cross sectional data and data collection is limited to the organizations of Pakistan. Hence, the results of this study are not generalized. This study points out that future research can be conducted by adding some mediators to assess the association of transformational leadership in relation to organizational change like trust (Podsakoff et al., 1990) whereas Shamir et al., (1993) linked transformational leadership with self-esteem needs of the followers. Future research can be conducted by applying the same methodology on other cultures to investigate if transformational leadership is as important as it found to be here in Pakistan.

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