



## The Impact of Transformational Leadership on Change Management: An Empirical Study of a State Bank in Sri Lanka

 Hennayake Y.<sup>1\*</sup>, Maldeniya P.<sup>2</sup>

DOI: 10.5281/zenodo.5515240

<sup>1\*</sup> Yashodhara Hennayake, Lecturer (Probationary), Department of Management Studies, Faculty of Indigenous Social Sciences and Management Studies, Gampaha Wickramarachchi University of Indigenous Medicine, Yakkala, Gampaha, Sri Lanka.

<sup>2</sup> Pushpakumari Maldeniya, Professor, Department of Business Administration, Faculty of Management Studies and Commerce, University of Sri Jayewardenepura, Nugegoda, Colombo, Sri Lanka.

In this age of rapidly changing business environment, a change is a common phenomenon to any organization. Thus, effective change management is considered a challenging task in many organizations. In this context, the role of transformational leadership is considered an outstanding task. However, little emphasis has been drawn concerning the influence of transformational leadership on change management in Sri Lankan state sector banks. Therefore, the main objective of this study is to investigate the impact of transformational leadership on change management of a well-known state sector commercial bank in Sri Lanka. Data were collected through a sample of 170 respondents of branch managers by using a questionnaire as an instrument. The Smart PLS program has been used for the purpose of data analysis. The study revealed that idealized influence and individual consideration made a significant positive impact on the change management of the bank. The findings of the study may provide valuable insights for policymakers in planning and implementing change initiatives by signifying the contribution of transformational leadership in different contexts. Finally, the study may reduce the gaps found in the change management and transformational leadership sphere.

**Keywords:** Transformational Leadership, change management, state bank, Sri Lanka

Corresponding Author	How to Cite this Article	To Browse
Yashodhara Hennayake, Lecturer (Probationary), Department of Management Studies, Faculty of Indigenous Social Sciences and Management Studies, Gampaha Wickramarachchi University of Indigenous Medicine, Yakkala, Gampaha, Sri Lanka. Email: <a href="mailto:gowrihennayake@gmail.com">gowrihennayake@gmail.com</a>	Yashodhara Hennayake, Pushpakumari Maldeniya, The Impact of Transformational Leadership on Change Management: An Empirical Study of a State Bank in Sri Lanka. IJEBHB. 2021;2(3):34-. Available From <a href="https://ijebhb.com/index.php/ijebhb/article/view/71">https://ijebhb.com/index.php/ijebhb/article/view/71</a>	

<b>Manuscript Received</b> 2021-06-25	<b>Review Round 1</b> 2021-07-09	<b>Review Round 2</b> 2021-08-05	<b>Review Round 3</b> 2021-08-28	<b>Accepted</b> 2021-08-28
<b>Conflict of Interest</b> No	<b>Funding</b> No	<b>Ethical Approval</b> Yes	<b>Plagiarism X-checker</b> Checked	<b>Note</b>
© 2021 by Yashodhara Hennayake, Pushpakumari Maldeniya and Published by Open Vectors. This is an Open Access article licensed under a Creative Commons Attribution 4.0 International License <a href="https://creativecommons.org/licenses/by/4.0/">https://creativecommons.org/licenses/by/4.0/</a> unported [CC BY 4.0].				

## Introduction

The need for change has become an essential strategy for organizations to survive and prosper existence under the present environmental complexity. However, change is not always welcomed as a pleasant sign as it often leads to resistance in organizations. Therefore, successful leadership is one of the most desired solutions to execute change management successfully. Leadership is generally highlighted as one of the prime drivers for organizational success as it directly reflects on people possessing the power to influence the behaviour of their followers. Although there is a number of leadership theories available in the literature, transformational leadership has received more attention in research as transformational leadership behaviour is considered to be very effective in achieving organizational goals and performing better compared to other styles of leadership (Yammarino, et al.1993). Transformational leaders motivate followers to perform beyond the minimum levels specified by the organization and they could encourage innovation by questioning, and solving old problems through novel methods and inspire them to transform their personal interests for the organizational interests (Bass 1990; Avolio & Bass 2002). Transformational leadership behaviour enhances staff satisfaction and reduces stress (Judge & Piccolo, 2004; Seltzer, et al., 1998). Transformational leadership is considered supreme in times of organizational change, in essence, changes require leaders to have desire, courage and skills and more importantly to understand the fundamentals of transformational leadership (Warrick, 2011). Moreover, the change management process uses innovative and different systems and approaches, which make transformational leadership more important (Kotter, 1995). The ability to cope with such changes effectively requires a leadership behaviour that is referred to as transformational leadership by Burns (1978). Therefore, the role of transformational leadership cannot be denied for successful change implementation in organizations. In the modern-day context, there are challenges referred to in service sectors including Banking, Insurance and Telecommunication. Hence, to make it strategically fit into a sustainable change process, leadership is considered a critical mechanism.

## Problem Statement

The banking sector dominated the financial sector accounting for 62.1 % of total assets (Rs. 14,442.1 billion) in the financial system at the end of 2019. However, the contribution of state sector banks has gained the dominant position in the financial system. It is argued that any organization is to compete utilizing either their pricing strategies or non-pricing strategies to prosper and survive with the business (Central Bank of Sri Lanka,2016). However, focusing on the pricing strategies is challenging as both public and private banks are functioning in a highly competitive manner (Dissanayake & Wanninayake, 2012). Successful change management strategies and effective leadership behaviour are few non-pricing strategies that could be undertaken to successfully compete in the modern-day markets. In light of the above, public sector organizations, unlike the private sector, often perceive issues and challenges at the time of implementing changes thus, sustainability has become a problem (Al-Ali et al., 2017; Bintaher, et al. 2015).

The effect of transformational leadership on change management has been addressed in different industries including, banks, insurance companies, financial institutions and telecommunication (Alqatawenh, 2018; Qura'an, 2015; Uddin, 2013). Nevertheless, according to our knowledge, there is a contextual gap in the Sri Lankan context relating to change management issues in the banking sector. Moreover, there is a lack of empirical studies conducted on the state banking sector in Sri Lanka. Successful change implementation requires leadership and such leadership would positively influence the implementation of the change management process. In fact, transformational leadership is considered an outstanding strategy because such visionary leadership could bring superior changes in the organization (Gill, 2002; Kotter, 1996). But, there is little empirical evidence concerning the influence of transformational leadership on change management in Sri Lanka.

In this context, it is worthwhile to discuss the recent change initiatives that have been introduced by one of the prominent state sector banks in Sri Lanka.

The bank recently undertook an ambitious digitalization initiative that seeks to transform the bank into the leading Digital Bank in Sri Lanka.

The bank has come up with the Self Banking concept where the bank deployed three (03) separate machines for cash deposits, cash withdrawals, and bill payments: ATM, CDM, and Kiosk. Accordingly, the bank could gradually direct customers to self-service machines to increase machine transactions, reducing the number of transactions catered via the counter.

The Self-banking concept figures out changes mainly in line with technological changes through which a new forms of automation is introduced to replace over the counter transactions with machine transactions. At the change implementation phase, the branch managers have been delegated the responsibility in smoothly operating Self Banking Units in their respective branches. They were also empowered to decisions regarding issues that could be encountered at the branch level while operating Self Banking Units, training officers for the operations of Self Banking Units, and inducing front line officers in line with the structural changes.

Therefore, the research problem which is addressed in this study is to investigate the impact of Transformational Leadership on Change Management of a state sector bank in Sri Lanka in line with empirical gaps and practical issues mentioned.

## Theoretical Background

**Transformational Leadership:** The theory has gained considerable attention over the last 20 years (Avolio, 1999; Bass, 1998; Bass & Avolio, 1994). Initially, the theory was introduced by Burns (1978) and later elaborated by Bass (1985). Transformational leaders inspire followers to perform beyond self-interest in favour of collective group accomplishment (Berson & Avolio, 2004). Judge and Piccolo (2004) and Antonakis, et al. (2003) emphasized that transformational leaders influence followers to accomplish goals, develop their confidence, commitment, job performance and such leaders help followers to explore new horizons and help to attain unexpected goals.

Such leadership styles help to identify new market opportunities that could be used for the growth of the organization (Al-Quraan,2015). Transformational leadership is considered outstanding because it brings impressive changes to the business (Gilbreath & Benson, 2004). These changes include changes in technology and the diversity of the workforce. These factors support increase competition, (House, 1995). The notion of transformational leadership has investigated its link with positive outcomes. Transformational Leadership enable employees to motivate and energized the employees. Motivated employees provide effective customer service, enhancing organizational performance and this in the term, brings financial benefits to shareholders (Giroux & Mc Larney, 2014).

**Transformational Leadership and Four Dimensions:** According to Bass and Avolio (1994), ideal transformational leaders are the leaders who exhibit the qualities of four dimensions of transformational leadership. These components are known as Idealized Influence, Intellectual Stimulation, Individualized Consideration and Inspirational Motivation.

*Idealized Influence:* is the first component of transformational leadership. The leader does the right thing, maintains high ethical and moral conduct, and does not use power for personal gains. These leaders are found to be inspirational, they create values that inspire followers. Such leaders possess emotional stability and control further, go beyond inner conflicts and direct their capacities to be masters of their own fate (Nawaz & Khan, 2016).

*Intellectual Stimulation:* leaders with characteristics of intellectual stimulation are those who inspire their followers to be innovative, creative and who induce them to embrace challenges (Passakonjaras & Hartijasti,2020). They change the thinking pattern of followers, improve problem-solving techniques for making complex decisions. Thus, it could pave the way to create new ideas to solve problems

*Inspirational Motivation:* is the capability of the leader to inspire and motivate the followers to engage in proper behaviour. Such behaviour would support followers to accomplish the mission and vision of the organization.

Encouraging teamwork, pointing out positive outcomes, showing enthusiasm and setting optimism from the followers (Simic,1998). These leaders encourage employees in the organization to get the best out of them.

*Individualized Consideration:* the fourth dimension is individualized consideration. Such leaders pay extra attention to the need of each follower and serve not only as a leader, but also as a coach and mentor to subordinates with a view of depending on desired workplace behaviour in them (Bass, 1996). Accordingly, leaders would assign tasks on the basis follower's capabilities and limitations.

**Change Management:** Change is a common phenomenon in any organization. Hence it cannot be stopped. This emphasizes the necessity to consider change as a part of the company's strategy. Armstrong (2009) described changes that are made in the structure, management, employees and processes. Consequently, organizational change is also referred to as variations in shape, quality or state over time of an organization (Ven & Poole, 1995). Therefore, change is necessary and it is a strategy necessary for the continuation of organizations. What is important is to manage changes effectively to align with the corporate goals and objectives to ensure organizational success. The effectiveness of Change Management in organizations results in performance. It creates positive effects on employees as well as and the organization. Performance of organization is positively influenced to change management practice and also which creates an important contribution on organizational competency. Further, changes encourage innovativeness. Organizations can out-perform the competition by adapting new ways of working (Arnold, 2015). Organizations could get benefits from change that results in new ways of looking at customer needs, new ways of serving customer service, new ways of building and customer interactions and new products that could attract new markets (Richards, 2006).

**Planned Change and Emergent Change:** Types of change can be described in many ways. There are different approaches to describe change based on how it comes. However, change literature is dominated by planned and emergent change (Bamford & Forrester, 2003).

Burnes (2004), emphasized about two approaches to change management namely, planned and emergent change. Planned change describes an activity of moving from one fixed state to another through a pre-decided step. According to Jalagat, (2016) it occurs at the time when an organization identifies the need for change and implement a proactive plan to accomplish the change. Planned change is a pre-decided process and all members of the organization are informed in advance about change. The planned approach to change is well established and highly effective (Bamford & Forrester, 2003; Burnes, 2004). The emerging approach to change is unpredictable in nature. Therefore, change should not be viewed as a sequence of linear events in a given period of time, but it is a continuous and open-ended exercise of adaptation to changing situations and conditions (Burnes, 2004; Dawson, 1994). The emerging approach to change occurs because of the unpredictability due to the external and internal environment (Bamford & Forrester, 2003). The organizations need to transform as open learning systems and develop strategies for the entire company and need to be on alert of what is happening in the environment. (Dunphy & Stace, 1993).

### **Relationship between Transformational Leadership and Change Management:**

Organizations are operating in a complex and dynamic business environment, leadership models such as transformational, charismatic, and visionary would bring magnificent changes in organizations. The changes involve a workforce with different demographic characteristics, changes in technology and increased global competition will emphasize the need for leaders (House, 1995). The ability to cope up with such changes required effective leadership that could work in the organization that is called by Burns (1978) as transformational leadership. Therefore, the managers and scholars are interested in transformational leadership as the notion which has become a basic feature in organizations (Hernandez et al., 1999). The literature indicates that transformational leadership qualities are more suitable for leading change. Bass (1985) emphasized that transformational leadership is more appropriate for non-routine situations and when adoption is the goal of organizations

(Pawar & Eastman, 2016). Thus, it is emphasized that such leaders can change the status of the organizations for the effective change process. In this regard, they may deny old ways; instead, they will develop an appealing vision that focuses on motivation as well as developing sound strategies (Hernandez et al., 1999). Tichy and Devanna (1990) explain that transformational leaders are engaged in a sequence process. These are identifying the need for change, creating a new vision, and then internalizing the change. Thus, it is argued that a leader should be a change expert who can convene and motivate followers to lead the change (Kotter, 1995).

This can be accomplished by setting challenging goals for the employees and encourage them to think in a creative manner of doing tasks. The leader must set changes not only to meet the needs of the followers but also, to induce him/her to consider the change as attractive. The change could be enhanced by providing individualized consideration where the leader provides support and instructions to the followers (Hernandez et al., 1999). The transformational leader would be a good facilitator in this by creating a culture that induces team-decision making and behavioural control (Manz & Sims, 1986). The idea implies that the transformational leader creates a culture to align with changes (Brown & Eisenhardt, 2003).

Past researchers had examined the notion of transformational leadership in different contexts. Voet (2014) investigated change approaches and transformational leadership of direct supervisors in implementing organizational change in public organizations.

The study concluded that the transformational leadership behaviour of direct supervisors pays little contribution to planned change. Further, it was found that emergent change is effective inflexible organizational contexts Quraan (2015). investigated the influence of transformational leadership on organizational change management at Jordan Ahli Banks. He identified that dimensions of transformational leadership affect organizational change management on the structural, technological and on people at Jordan Ahli Bank. Alqatawenh, (2018) investigated the relationship between transformational leadership and change management in Jordanian Insurance companies.

The study has revealed that Idealized Influence, Inspirational Motivation, Intellectual stimulation affects change management in Jordanian Insurance companies. Based on the above arguments, the following conceptual framework and hypotheses were formulated:

(Please see Figure 1: Conceptual Framework of the study)

Figure 1, indicates possible linkages and connections of transformational leadership and change management as justified in the review of literature that led to the development of hypotheses. Idealized influence, intellectual stimulation, inspirational motivation, and individual consideration could be positioned as independent variables and change management as the dependent variable.

Therefore, the following hypotheses are developed for the proposed conceptual framework of the study;

H1: Idealized influence has a significant impact on change management.

H2: Intellectual stimulation has a significant impact on change management.

H3: Individualized consideration has a significant impact on change management.

H4: Inspirational motivation has a significant impact on change management.

## **Methodology**

The study investigated the research question and developed the hypotheses based on existing theory and empirical arguments. Hence, the study follows a deductive approach which commences with a general theory and narrows down to specific hypotheses which could be tested (Sekaran & Bougie, 2016). This study is a quantitative study and survey method has been used as the research strategy. The sample of the study is branch managers who currently operate Self Banking Units. At present, the bank has established approximately 245 Self Banking Units across the country. The researcher has considered the population as the sample for the purpose of data collection. Hence, it can be identified as a census study. The online survey method was used for the purpose of data collection.

Accordingly, a google form has been sent through an e-mail to each branch manager of the bank. The questionnaire which consists of 170 usable questions were distributed during the months of December 2020 to February 2021 with a 69.39% response rate. The questionnaire items were derived mainly from well-established instruments and modified to fit the nature of this study. Multifactor Leadership Questionnaire (MLQ-5x) by Bass and Avolio (1995) was adopted to assess the transformational leadership behaviour of branch managers. Change management items were extracted from the scale developed by Farrell (2010). Further, the researcher referred to the published journal articles, book publications and conference proceedings as the secondary sources.

A Likert type scale with five response options ranging from strongly disagree to strongly agree is adopted to measure each construct (Albashaheh, Alhroob, Irbihat, & Javed, 2018; Alhroob, Irbihat, Albashaheh, & Javed, 2017; Husain & Javed, 2019b, 2019a; Husain, Javed, & Arami, 2021). The data analysis was carried out by using SPSS version-21.00 and the Smart PLS program due to the quantitative nature of the study (Javed, 2017, 2018; Javed, Atallah, Aldalain, & Husain, 2019; Javed, Malik, & Alharbi, 2020). The descriptive analysis was conducted by using central tendency measures of mean and measures of dispersion and variance. The Cronbach's alpha's coefficient and Composite reliability measures have been adopted to assess the inter items consistency of reliability, a widely used measure of internal consistency. Convergent validity and discriminant validity tests have been adopted to measure the validity of the model (Javed & Husain, 2021; Javed & Khan, 2017; Javed & Malik, 2021; Khan, Baseer, & Javed, 2017; A. Malik, Khan, Faisal, Javed, & Faridi, 2020; M. Malik & Javed, 2021; Rutskiy et al., 2021). In terms of the inferential analysis, this study adopted Structural Equation Modelling (SEM) which is far more effective compared to multiple regression analysis (Hair et al., 2011).

## Data analysis and presentation

The survey sample consists of 73 (45.1%) males and 89 (54.9%) females. Further, 10 (6.1%) respondents are unmarried, whereas the remaining 152 (93.8%) are married.

In terms of age, category majority falls under the age category of 36 to 55 years. In terms of working experience, 70 (43.2%) are having 02-05 years of experience and 66 (40.7%) are having 05-10 years of experience. Moreover, the sample is considered to be well educated where 76 (46.9%) are master's degree holders, 33 (20.4%) are bachelors and 24 (14.8%) are professionals. The majority of the sample consists of the age category of 36 to 55 years and they have 02-05 years of managerial grade experience. This is because the study was conducted based on a leading public sector commercial bank in Sri Lanka, the employees of such banks are required to surpass several stages to perform in the capacity of a manager and it is time-consuming.

Structural Equation Modelling (SEM) was used to validate the measurement model and test the hypotheses (Hair et al., 2011; Hwang et al., 2010). Reliability testing results are shown in Table 1. Composite Reliability measures were used to measure the internal consistency reliability of the model (Hair et al., 2011). Cronbach's Alpha and composite reliability values are above the threshold value of 0.7 (Baozzi & Yi, 1988). Therefore, the reliability of the model is adequate. The convergent validity of the model was assessed using the AVE values of the items, the benchmark for AVE value is 0.50. The AVE values exceed the minimum criteria of 0.5 indicating convergent validity is satisfied (Baozzi & Yi, 1988).

Discriminant validity was assessed using the Fornell and Larcker, (1981) criteria. According to Fornell and Larcker (1981), it was suggested that the "square root of AVE of each latent variable should be greater than the correlations among the latent variables". As per table 2 the bolded elements in the matrix diagonals, representing the square roots of the AVEs, are greater in all cases than the off-diagonal elements in their corresponding row and column. This result supports the discriminant validity of the scales.

The structural model results are shown in Figure 2, in which the beta values of path coefficient indicate the direct influences of predictor upon the predicted latent constructs. According to figure 2, the P-value (0.005) is statistically significant at a 5% confidence interval indicating that model is statistically significant.

Path coefficient is 0.306 indicating a significant positive impact of idealized influence on change management. Therefore, hypothesis one that presumes idealized influence has a significant impact on change management is accepted. The path coefficient of the second hypothesis is 0.330 indicating a significant positive impact of individual consideration on change management and statistically significant ( $p$ -value 0.000) at a 5% confidence level. Hence, hypothesis two presumes that individual consideration has a significant impact on change management is accepted. Although, other dimensions of (Intellectual stimulation and Inspirational motivation) were also supposed to have a positive effect on change management they did not indicate any significant effect on change management. Hence, H3 and H4 were rejected.

## Discussion and Conclusion

This study intended to demonstrate the impact of the transformational leadership dimensions on change management of a well-known state commercial bank in Sri Lanka. The results revealed that Idealized influence and Individualized consideration have a significant positive impact on change management. This result is consistent with empirical studies. Qur'an (2015) revealed that Idealized influence and Individualized consideration are affecting organizational change management also, they claimed that these dimensions are applied in a high level at the branches managers of Jordan Ahli Bank. Further, Alqatawenh (2018) found a significant relationship of Idealized influence and Individual consideration in change management in Jordan Insurance companies. Herrmann et al (2012) stated that transformational leadership shows commitment to change and he claimed that change could be enhanced by paying individualized consideration where the leader is supposed to provide support and instructions to the followers.

The other transformational leadership dimensions of intellectual stimulation and inspirational motivation did not significantly affect change management. Therefore, hypotheses of H3 and H4 were rejected. These findings indicate that branch managers are less oriented towards influencing followers to think out of the box, creative and to promote innovations and changes.

Moreover, the managers are lack of concern for inspiring and motivating employees and they are showing less enthusiasm for employees. The overall results indicate that characteristics of idealized influence and individualized considerations are more effective on change management of the bank. In which, transformational leaders who maintain high ethical and moral conduct and also, who pay the need of followers by caring and coaching of individuals are likely to foster effective change management (Bass;1985;Qur'an ;2015 & Alqatawenh ;2018).

The results derived from the study have a number of implications for theory and practice. The banking sector continued to support the financial intermediation of the economy and operate under a highly competitive environment. Therefore, banks should attempt to develop and create differentiated products or services along with changes in technical automotive systems, people engagement and structural changes to be competitive in the industry. In this context, the leadership style of the branch manager plays an important role in the smooth functioning of such change initiatives taken by the top management. Thus, it is recommended to promote transformational leadership qualities amongst branch managers. The findings of the study will be important to prepare training manuals, training guidance and training programs. As an example, the bank can incorporate the dimensions of idealized influence, inspirational motivation, intellectual stimulation and individualized consideration as characteristics that are expected from the branch manager.

Further to these findings, especially transformational leadership qualities of a branch manager can be used as one of the criteria in the selection process. Further, the human resource division can use the attributes for the performance evaluation as well as career development planning of the branch managers. It is evident that change implementation inside public organizations has always been challenging and facing issues and its sustainability is a question (Fernandez & Rainey, 2006; Fernandez & Pitts, 2007). The outcomes of this study will support policymakers and consultancy firms to understand the nature of leadership style

Which is the most potential factor for effective change implementation of organizations and the outcomes will then provide insights in planning and implementing change initiatives in different contexts.

Moreover, past studies have signified the role of leadership in fostering and implementing change. But, the specific leadership qualities that leaders need to exhibit and how transformational leadership influences change implementation is still a grey area when evidence is concerned. Thus, this study proposed a theoretical model to examine the impact of transformational leadership on change implementation. . In addition, this study focuses on the banking sector organization, especially the public sector . Hence; this is a new development in the theoretical perspective in the Sri Lankan context, which can be investigated further. Finally, for management scholars, this study provides a framework for examining the relationships and effects between the concepts related to transformational leadership and Change management.

This study is limited to a well-known state commercial bank of Sri Lanka. Hence, the possibility of drawing generalization from the findings of the present study is limited. Moreover, the selected sample was the Branch managers who are responsible for the functioning of Self Banking Units of the bank. This caused to the self-evaluation problem, hence, the data would not reflect the real outcome of the study.

To eliminate the problem of generalizability future researchers should employ this study in other services sectors including Banking (Private commercial banks, foreign commercial banks), Insurance, and Telecommunication and engaged in other services to empirically validate the findings of the study. The researcher has examined only the influence of transformational leadership for change implementation. Hence, it is suggested to use the full range of leadership styles from Transactional to Laissez-Faire to further investigate how each leadership style influences change management. These findings would contribute to the existing theory and also broaden the knowledge in the realm of change management. Finally, it is suggested to examine the demographic linkages such as gender, age, working experience and educational qualifications with transformational leadership.

## References

- Al-Ali, A. A. (2017). Change management through leadership: the mediating role of organizational culture. *International Journal of Organizational Analysis*, 25(4), pp. 723–739. DOI: 10.1108/IJOA-01-2017-1117.
- Alqatawenh, A. S. (2018). Transformational leadership style and its relationship with change management. *Business: Theory and Practice*, 19, pp. 17–24. DOI: 10.3846/btp.2018.03.
- Al-Qura 'an, A. (2015). The Impact of Transformational Leadership on Organizational Change Management: Case Study at Jordan Ahli Bank'. *IOSR Journal of Business and Management*, V. I, 17(12), pp. 2319–7668. DOI: 10.9790/487X-171210107.
- Albashesheh, A., Alhroob, M., Irbihat, B., & Javed, S. (2018). Impact Of Accounting Information System In Reducing Costing In Jordanian Banks. *International Journal of Research Granthaalayah*, 6(7), 210–215. <https://doi.org/10.5281/zenodo.1336672>
- Alhroob, M., Irbihat, B., Albashesheh, A., & Javed, S. (2017). Does Corporate Governance Create Volatility in Performance? *International Journal of Informative & Futuristic Research*, 4(7), 6859–6866. Retrieved from <http://www.ijifr.com/pdftsave/01-04-2017495IJIFR-V4-E7-075.pdf>
- Antonakis, J. A. (2003). Context and leadership: An examination of the nine-factor full-range leadership theory using the Multifactor Leadership Questionnaire'. *The Leadership Quarterly*, 14, 261–295.
- Armstrong, M. (2009). *'Armstrong's Handbook of Human Resource Management Practice.'* (11th ed),. Derby: Derbyaxon Graphics Ltd.
- Avolio, B. (1999). *Full leadership development: building the vital forces in organizations*. Thousand Oaks: Sage Publications.
- Avolio, B. J. (2002). *Manual for the Multifactor Leadership Questionnaire '(Form 5X)*. . Redwood City: CA: Mindgarden.
- Avolio, B. J., & Bass, B. M. (1994). *Improving organizational effectiveness through transformational leadership*. Thousand Oaks, CA: Sage Publication.



- Avolio, B. J., & Bass, B. M. (2002). *Developing potential across a full range of leadership: Cases on transactional and transformational leadership*. Lawrence Erlbaum Associates Publishers
- Arnold, P. 2015. Evidence and leading indicators of change success, *Strategic Direction* 31(10): 1–5
- Bamford, D. R. (2003). Managing planned and emergent change within an operations management environment'. *International Journal of Operations & Production Management*, DOI: 10.1108/01443570310471857. 23(5), pp. 546 – 564.
- Bass, B. ( 1985). *Leadership & Performance beyond Expectations*. New York, Free Press.
- Bass, B. (1990). *'Handbook of Leadership: Theory Research & Managerial Applications'*. . Free Press.
- Bass, B. (1996). *'A new paradigm of leadership: An inquiry into transformational leadership*. Alexandria, Virginia: U.S. Army Research Institute for Behavioral and Social Sciences.
- Bass, B. M., & Avolio, B. J. (1995b). 'The Multifactor Leadership Questionnaire '(form R, revised). Palo Alto, CA: Mind Garden,
- Berson, Y. & Avolio, B.J.(2004). 'Transformational leadership and the dissemination of organizational goals: A case study of a telecommunication firm'. . *Leadership Quarterly*, 15(5), 625–646. <https://doi.org/10.1016/j.leaqua.2004.07.003>.
- Bintaher, N. A. (2015). A framework for leading change in the UAE public sector. *International Journal of Organizational Analysis*,, 23(3), 348–363. <https://doi.org/10.1108/IJOA-10-2014-0809>.
- Brown, S. L. & Eisenhardt, K. M. (2003), 'The art of continuous change: Linking complexity theory and time-paced evolution in relentlessly shifting organizations', *Organizational Improvisation*, 42(1), pp. 225–256. DOI: 10.4324/9780203361603-18
- Burnes, B. (2004). *'Managing Change: A Strategic Approach to Organisational Dynamics. (4th Ed.)*. Harlow: Prentice-Hall.
- Burns, J. M. (1978). *'Leadership'*. . New York: Harper & Row.
- Bagozzi, R. P., & Yi, Y. (1988). 'On the evaluation of structural equation models' *Journal of the Academy of Marketing Science*, 16(1), 74–94.
- Cameron, K. S. & Quinn, R. E. (1999). *Diagnosing and Changing Organizational Culture Based on the Competing Values Framework*. Addison-Wesley Longman, Inc.
- Central Bank of Sri Lanka. (2016). *'Financial Sector Performance and System Stability*. Annual Report 2016, 221–255.
- Dawson, P. (1994). *Organisational Change: A Processual Approach*, London.: Paul Chapman Publishing,
- Dissanayake, D.M.R.& Wanninayake,W.M.C.B. (2012). A Comparative Study Of Service Quality And Customer Service In A Comparative Study of Service Quality and Customer Service in Public Sector and Private Sector Commercial Banks'. . *4th International Conference on Business and Information*. University of Kelaniya.
- Dunphy, D. & Stace, D. (1993). 'The strategic management of corporate change',. *Human Relations*, 46(8), pp. 905 –918.
- D.D. Warrick, (2011) "The Urgent Need for Skilled Transformational Leaders: Integrating Transformational Leadership and Organization Development," *Journal of Leadership, Accountability and Ethics*, Vol. 8, Iss. 5, pp. 11 - 26
- Eastman, K. K. (2016). 'The Nature and Implications of Contextual Influences on Transformational Leadership: A Conceptual Examination. *The Academy of Management Review*, Vol .22(1), pp. 80–109.
- Farrell, M. A. (2000). Developing a Market-Oriented Learning Organisation. *Australian Journal of Management*, 25(2), pp. 201–222. DOI: 10.1177/031289620002500205.
- Fornell, C., & Larcker, D. F. (1981). 'Evaluating structural equation models with unobservable variables and measurement error'. *Journal of Marketing Research*, 18 (1), 39–50
- Fernandez, S. & Rainey, H.G. (2006). Managing successful organizational change in the public sector: An agenda for research and practice. *Public Administration Review*, 66(2), 168-176.
- Fernandez, S. & Pitts, D.W. (2007). Under What Conditions Do Public Managers Favor and Pursue Organizational Change? *The American Review of Public Administration* 37(3): 324–341

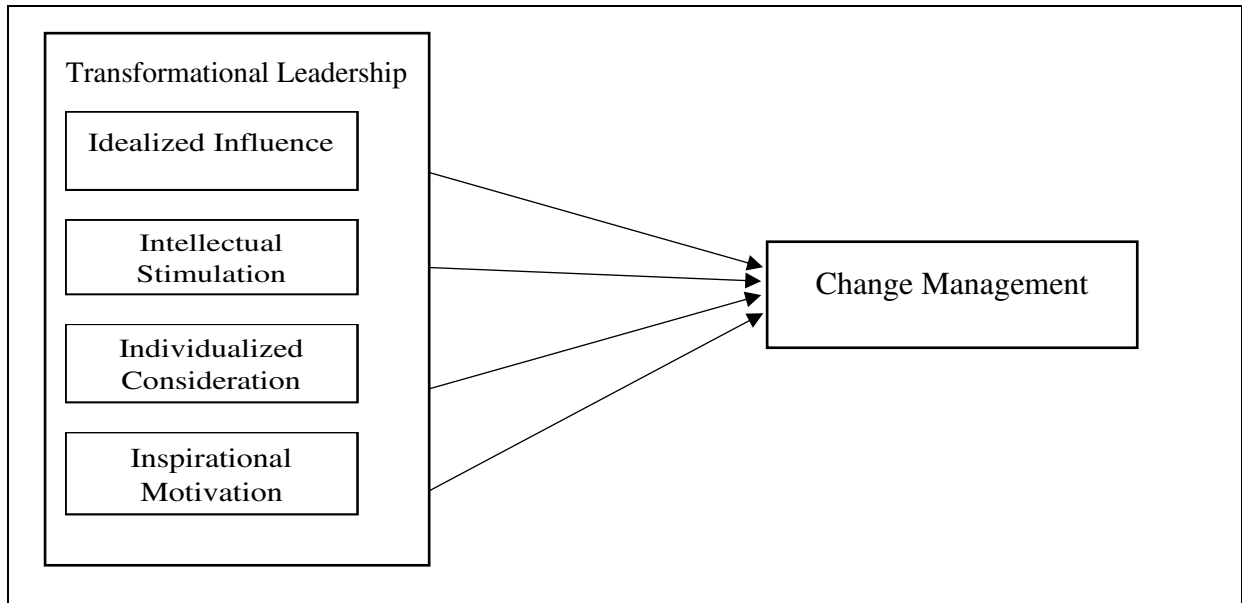
- Gilbreath, B. & Benson, P. G. (2004). 'The contribution of supervisor behaviour to employee psychological well-being, . *Work and Stress*, 18(3), pp. 255–266. DOI:10.1080/02678370412331317499.
- Gill, A. S. Flaschner, A.B. & Shacha, M. (2006). "Mitigating stress and burnout by implementing transformational-leadership". *International Journal of Contemporary Hospitality Management*, Vol. 18 No. 6, pp. 469-481.
- Giroux, T. & McLarney, C . (2014). 'Exploring the leadership continuum: The relevance of transformational leadership on organizational performance. . *Proceedings of the Northeast Region Decision Sciences Institute*, (pp. 862-886. <http://nedsi.org/>).
- Hair, J. F., Ringle, C. M., & Sarstedt, M. (2011). 'PLS-SEM: Indeed a silver bullet'. *Journal of Marketing Theory and Practice*, 19(2), 139–151
- Herrmann, D. F. (2012). 'Transformational führung und veränderungsbereitschaft.Zeitschrift für Arbeits-und Organisationspsychologie,'. 56(2), 70–86.
- Hernandez, R., Watson, K. & Pillai, R. (1999). 'Transformational leadership in the context of organizational change', *Journal of Organizational Change Management*, 12(2), pp. 80–88. doi: 10.1108/09534819910263631
- House, R. (1995). 'Leadership in the twenty-first century: a speculative inquiry", in Howard, A. (Ed.), *The Changing Nature of Work*,. San Francisco, CA: Jossey-Bass, .
- Husain, U., & Javed, S. (2019a). Impact of Climate Change on Agriculture and Indian Economy: A Quantitative Research Perspective from 1980 to 2016. *Industrial Engineering & Management*, 8(2), 2–5. Retrieved from <https://www.hilarispublisher.com/open-access/impact-of-climate-change-on-agriculture-and-indian-economy-a-quantitative-research-perspective-from-1980-to-2016.pdf>
- Husain, U., & Javed, S. (2019b). Stock Price Movement And Volatility In Muscat Security Market ( MSM ). *International Journal of Research - Granthaalayah*, 7(February), 68–84. <https://doi.org/10.5281/zenodo.2580535>
- Husain, U., Javed, S., & Araimi, A. S. Al. (2021). a Study of Foreign Direct Investment on Manufacturing Industries in Sultanate of Oman. *International Journal of Research -GRANTHAALAYAH*, 9(3), 1–9. <https://doi.org/10.29121/granthaalayah.v9.i3.2021.3696>
- Hwang, H., Malhotra, N. K., Kim, Y., Tomiuk, M. A., & Hong, S. (2010). 'A comparative study on parameter recovery of three approaches to structural equation modelling. *Journal of Marketing Research*, 47 (Aug), 699-712
- Jalagat, R. (2016) 'The Impact of Change and Change Management in Achieving Corporate Goals and Objectives: Organizational Perspective', *International Journal of Science and Research (IJSR)*, pp. 1233–1239. DOI: 10.21275/ART20163105
- Javed, S. (2017). Unified Theory Of Acceptance And Use Of Technology (UTAUT) Model-Mobile Banking. *Journal of Internet Banking and Commerce*, 22(3), 1–20. Retrieved from <https://www.icommercentral.com/open-access/unified-theory-of-acceptance-and-use-of-technology-utaut-modelmobile-banking.php?aid=86597>
- Javed, S. (2018). Does Organisation Behaviour Affect Performance Of Auditing Firms? *International Journal of Engineering Technologies and Management Research*, 5(1), 90–98. <https://doi.org/10.5281/zenodo.1171842>
- Javed, S., Atallah, B., Aldalaien, E., & Husain, U. (2019). Performance of Venture Capital Firms in the UK: Quantitative Research Approach of 20 UK Venture Capitals. *Middle-East Journal of Scientific Research*, 27(5), 432–438. <https://doi.org/10.5829/idosi.mejsr.2019.432.438>
- Javed, S., & Husain, U. (2021). Corporate CSR practices and corporate performance: managerial implications for sustainable development. *The decision*, 48(2), 153–164. <https://doi.org/10.1007/s40622-021-00274-w>
- Javed, S., & Khan, A. A. (2017). Analysing Parsimonious Model of OL and OE Using SEM Technique. *International Journal of Applied Business and Economic Research*, 15(22), 685–712. Retrieved from [https://serialsjournals.com/abstract/53799\\_sarfarz\\_and\\_azeem.pdf](https://serialsjournals.com/abstract/53799_sarfarz_and_azeem.pdf)

- Javed, S., Malik, A., & Alharbi, M. M. H. (2020). The relevance of leadership styles and Islamic work ethics in managerial effectiveness. *PSU Research Review*, 4(3), 189–207. <https://doi.org/10.1108/prr-03-2019-0007>
- Javed, S., & Malik, M. (2021). The propensity of risk-taking and financial efficiency: Exploring the role of management accounting system: Evidence from the manufacturing sector. *Cogent Business & Management*, 8(1), 0–17. <https://doi.org/10.1080/23311975.2021.1954490>
- Judge, T. &. (2004). 'Transformational and transactional leadership: A meta-analytic test of their relative validity'. *Journal of Applied Psychology*, 89(5), 755–768.
- Khan, A., Baseer, S., & Javed, S. (2017). Perception of students on the usage of mobile data by K-mean clustering algorithm. *International Journal of ADVANCED AND APPLIED SCIENCES*, 4(2), 17–21. <https://doi.org/10.21833/ijaas.2017.02.003>
- Kotter, J. (1995, March/April). 'Leading change: why transformational efforts fail'. *Harvard Business Review*, pp. pp. 59-67.
- Kotter, J. P. (1996). 'Leading change'. Boston, MA:: Harvard Business School Press.
- Malik, A., Khan, N., Faisal, S., Javed, S., & Faridi, M. Rashad. (2020). An Investigation On Leadership Styles For The Business Productivity And Sustainability Of Small Medium Enterprises (SME'S). *International Journal of Entrepreneurship*, 24(5), 1–10. Retrieved from <https://www.abacademies.org/articles/an-investigation-on-leadership-styles-for-the-business-productivity-and-sustainability-of-small-medium-enterprises-smes-9845.html>
- Malik, M., & Javed, S. (2021). Perceived stress among university students in Oman during COVID-19-induced e-learning. *Middle East Current Psychiatry*, 28(1), 49. <https://doi.org/10.1186/s43045-021-00131-7>
- Manz, C. C., & Sims, H. P. (1986). 'Beyond imitation: Complex behavioural and affective linkages resulting from exposure to leadership training models'. *Journal of Applied Psychology*, 71, 571-578
- Nawaz, A. & Khan, I. U. (2016). Leadership Theories and Styles: A Literature Review: *Journal of Resources Development & Management*, Vol.16.
- Passakonjaras, S. & Kothandaraman, K. (2020). 'Transactional and transformational leadership: a study of Indonesian managers', *Management Research Review*, 43(6), pp. 645–667. DOI: 10.1108/MRR-07-2019-0318.
- Richards, L. (2006). 'Why Is Change Important in an Organization?'. Retrieved from [smallbusiness.chron.com](http://smallbusiness.chron.com): Retrieved from <http://smallbusiness.chron.com>
- Rutskiy, V., Javed, S., Rayk, V., Kulakova, N., Derindag, O. F., Chikizov, A., ... Tsarev, R. (2021). Market Acceptance of the Blockchain Technology on the Example of Bitcoin. In R. Silhavy (Ed.), *Artificial Intelligence in Intelligent Systems* (pp. 306–315). Cham: Springer International Publishing. [https://doi.org/10.1007/978-3-030-77445-5\\_28](https://doi.org/10.1007/978-3-030-77445-5_28)
- Sekaran, U., & Bougie, R. (2016). 'Research Methods for Business a skill - Building Approach'. New Delhi: Wiley.
- Seltzer, J. & Numerof, R. E. (1988). 'Supervisory leadership and subordinate burnout'. *Academy of Management Journal*, 31, 439/446.
- Simic, I. (1998). 'Transformational Leadership – 'The Key to Successful Management of Transformational Organizational Changes'. *The scientific journal FACTA UNIVERSITATIS Series: Economics and Organization*, Vol.1, No 6, 1998 pp. 49 - 55.
- Tichy, N. M., & DeVanna, M. A. (1990). 'The Transformational Leader '(2nd Ed.). New York: Wiley.
- Uddin, M. H. (2013). Role of Transformational Leadership in Organizational Change: Mediating Role of Trust'. *IOSR Journal of Business and Management*, 7(2), 72–76. <https://doi.org/10.9790/487x-0727276>.
- Van der Voet, J. (2014). 'The effectiveness and specificity of change management in a public organization: Transformational leadership and a bureaucratic organizational structure'. *European Management Journal*, 32(3), pp. 373–382. DOI: 10.1016/j.emj.2013.1.
- Ven, A. H. (1995). 'Explaining Development and Change in Organizations', *Academy of Management Review*, Vol.20,(3), pp. 510–540.

Yammarino, F. J., Spangler, W. D., & Bass, B. M. (1993). 'Transformational leadership and performance: A longitudinal investigation.' *The Leadership Quarterly*, 4(1), 81-102.

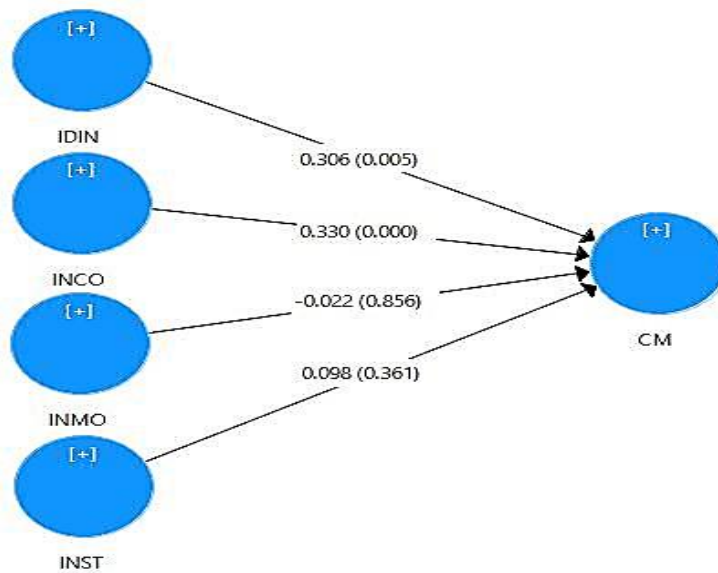
## Annexure 1

**Figure 1:** Conceptual Framework of the study



*Source: Author Compilation (2021)*

**Figure 2:** Structural Model with Path Coefficient



*Source: Smart PLS Bootstrapping result*

**Table 1:** Reliability and Convergent Validity

	<b>Cronbach's Alpha</b>	<b>Composite Reliability</b>	<b>Average Variance Extracted (AVE)</b>
<b>CM</b>	0.807	0.911	0.836
<b>IDIN</b>	0.839	0.878	0.508
<b>INCO</b>	0.769	0.769	0.633
<b>INMO</b>	0.816	0.878	0.643
<b>INST</b>	0.791	0.748	0.506

*Source: Survey data (2021)*

*CM-Change Management, IDIN- Idealized Influence, INCO- Individualized Consideration  
INMO- Inspirational Motivation, INST-Intellectual stimulation*

**Table 2 :** Discriminant Validity

	<b>CM</b>	<b>IDIN</b>	<b>INCO</b>	<b>INMO</b>	<b>INST</b>
<b>CM</b>	<b>0.915</b>				
<b>IDIN</b>	0.433	<b>0.791</b>			
<b>INCO</b>	0.425	0.224	<b>0.796</b>		
<b>INMO</b>	0.356	0.713	0.212	<b>0.802</b>	
<b>INST</b>	0.412	0.732	0.321	0.684	<b>0.712</b>

*Source: Survey data (2021)*