

Leadership and Change Management in Contemporary Organizations

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Abstract

Modern business is characterized by organizational transformation, which is fueled by changing consumer demands, technology breakthroughs, and dynamic marketplaces. Effective change management is crucial for an organization to survive and thrive, and leadership is crucial in guiding and assisting this process. Transformational leadership, a well-known catalyst for effective change, focuses on shared values, strategy, vision, emotional intelligence, empowerment, and motivation. Studies on several leadership philosophies, including democratic, bureaucratic, and situational leadership, have revealed differing effects on the efficacy of change management and organizational performance. The study highlighted how crucial leadership is in establishing organizational culture, upholding cultural norms, and creating a climate that is conducive to change. Several factors, including corporate culture, subcultures, communication, stakeholder involvement, and leadership styles determine successful change management. To effectively navigate the challenges of change, frameworks and models for effective change implementation that are based on complexity, emergent change, and capacity development are examined.

Keywords: Transformational Leadership, Change Management, Employee Satisfaction, Dynamic Workplaces

1. Introduction

In today's rapidly evolving business landscape, organizational change has become imperative for survival and sustained success. As markets shift, technology advances and customer preferences evolve, organizations must adapt swiftly to remain competitive and relevant (Moran & Brightman, 2000). Effective change management is crucial for organizations to navigate these challenges successfully, and leadership plays a pivotal role in driving and facilitating this process.

Numerous studies have explored the relationship between leadership styles and organizational change management, with transformational leadership emerging as a prominent and widely recognized catalyst for successful change initiatives. Gill(2002) emphasizes the importance of effective leadership in implementing change, highlighting the significance of incorporating vision, strategy, shared values, emotional intelligence, empowerment, and motivation. There is a crucial role in aligning organizational values and creating a shared vision, as well as the importance of communication and employee involvement in the change process. The effect of transformational leadership on organizational change has been studied in-depth. In a study conducted by Faupel and Süß (2018), it was found that transformational leadership positively influences employees' behavior during change by increasing work engagement and valence. Their study also highlighted the mediating role of work engagement and valence in the relationship between transformational leadership and employee behavior, suggesting that transformational leaders can effectively facilitate employee support and commitment during change initiatives (Faupel & Süß, 2018).

Al-Qura'an and the Bank of Jordan (2016) further reinforced the significance of transformational leadership in driving organizational change, specifically focusing on its impact on the structure, technological, and people-level changes at Jordan Ahli Bank. The paper emphasized the pivotal role of transformational leadership in navigating organizational transformations, emphasizing its potential to positively influence various aspects of change, from operational restructuring to technological adoption and personnel development. A study conducted by Alqatawenah (2018) corroborated these findings, highlighting the positive relationship between transformational leadership dimensions and change management in Jordanian insurance companies. The study suggests that transformational leadership dimensions play a crucial role in successful organizational change, underscoring the importance of leaders who can inspire, intellectually stimulate, and empower their followers during times of change.

While transformational leadership has garnered significant attention, other leadership styles have also been studied for organizational change management. Khajeh (2018) explored the impact of different leadership styles on organizational performance and found that democratic, transformational, bureaucratic, and autocratic leadership styles positively impacted organizational performance, while charismatic and transactional leadership styles had a negative impact. This study highlights the potential effectiveness of diverse leadership approaches, suggesting that the suitability of a particular style may depend on the specific organizational context and change initiative.

Klein et al. (2013) emphasized the critical role of leadership skills in shaping and reinforcing cultural norms, which in turn impacted organizational effectiveness. Their study talks about the importance of leadership in cultivating organizational cultures that support and enable successful change implementation, further reinforcing the significance of leadership in facilitating organizational change.

Situational leadership, which emphasizes the need for leaders to adapt their leadership style based on organizational circumstances, has also been explored in the context of change management. Reunanen and Kaitonen (2016) emphasized the need for leaders to adapt their leadership styles to different situations in a rapidly changing world, while Cirstea et al. (n.d.) discussed the need for leaders to adapt their leadership style based on the maturity level of the individual or group being led, as proposed in the Hersey-Blanchard Situational Leadership Model. Sahin (2022) identified three main dimensions of effective leadership during change management in sports organizations: flexible, authoritative, and insightful, emphasizing the importance of applying the most appropriate leadership type based on the situational context.

Furthermore, organizational culture and subcultures have played a significant role in influencing commitment and the success of change initiatives in the organization. Lok et al. (1999) found that organizational subculture had a stronger relationship with commitment than organizational culture, and that satisfaction with the level of control over the working environment was highly correlated with commitment. The study also revealed that leadership style, specifically consideration, was significantly related to commitment. This highlights the importance of understanding and accounting for organizational culture and subcultures when implementing change initiatives, as well as the critical role of leadership in fostering a culture that supports and enables successful change.

Researchers have also explored the determinants of successful change management.

Errida and Lotfi (2021) highlighted the critical importance of leadership and executive sponsorship, effective and constant communication, and stakeholder engagement in ensuring the success of organizational change initiatives. Their study, which involved an in-depth review of organizational change management models and a case study in a Moroccan construction company, emphasizes the need for a comprehensive approach to change management that incorporates strong leadership, clear communication, and active stakeholder involvement.

Inandi et al. (n.d.) found a strong relationship between the leadership styles of principals and their efficacy in change management. It was concluded that a Democratic Leadership style was the most effective in this case. This study, conducted in an educational setting, reinforces the significance of leadership styles in facilitating successful change implementation and highlights the potential effectiveness of democratic leadership in navigating organizational transformations. Janićijević (n.d.) emphasized the need to identify typical organizational configurations based on power distribution and dominant organizational dimension, as these configurations represent internally consistent configurations adapted to different environmental contingencies. This study pointed towards the importance of understanding and accounting for organizational structure, culture, and power dynamics when implementing change initiatives, as these factors can significantly influence the outcome of change efforts.

Some studies have focused on developing frameworks and models for effective change implementation. Higgs and Rowland (2005) found that change approaches based on complexity were more successful than those based on linearity, and that emergent change was effective in high-magnitude scenarios, while framing change was effective in short-term change impacting a large number of people. Their study also revealed that leadership behaviors related to creating capacity were associated with successful change implementation. These findings suggest that effective change management requires a nuanced approach that accounts for the complexity and scale of the change initiative, as well as the development of organizational capacity to support and sustain the change.

By (2005) emphasized the importance of change management for organizational survival and success, highlighting the absence of a framework for understanding organizational change and calling for further research to develop a new and pragmatic framework. By (2005) reviewed existing theories and approaches to organizational change management and highlighted the need for a comprehensive and empirically-supported framework that can guide organizations through the complex process of change implementation.

Leadership has a crucial role in organizational change management, with transformational leadership emerging as a prominent and effective approach. However, the suitability of a particular leadership style may depend on the specific organizational context and change initiative, as evidenced by the potential effectiveness of other leadership styles such as democratic, bureaucratic, and situational leadership. Additionally, factors such as organizational culture, subcultures, communication, and employee involvement have been identified as significant determinants of successful change implementation. Organizational change is inevitable in today's dynamic business environment, and effective change management is crucial for its survival and success. This research provides valuable insights into how leadership styles influence the success of change initiatives, helping organizations navigate change more effectively.

The study can have practical implications for organizations undergoing rapid growth and change. By understanding the relationship between leadership styles and employee satisfaction, organizations can make more informed decisions about leadership development, change management strategies, and fostering a supportive organizational culture.

2. Methodology

2.1. Aim

To determine the relationship between the Perceived Leadership Style of Supervisors and Employee Satisfaction in companies undergoing rapid growth and change.

2.2. Hypothesis

H1: Employees will report higher satisfaction when working under a perceived Transformational Leadership Style.

2.3. Research Design

The study used correlational research design to test the relationship between Employee Satisfaction and Transformational Leadership Style, which was used to study the degree to which two or more variables are associated, connected or related to one another (Williams, 2014). The research aimed to uncover the extent to which perceived Transformational Leadership can contribute to Employee Satisfaction in any organization undergoing rapid change, growth & Transformation.

2.4. Research Instruments

Multifactor Leadership Questionnaire (Appendix A). The Multifactor Leadership Questionnaire was designed by Bruce Avolio & Bernard Bass in 1997. It consists of 21 items to be rated on a scale of 1–4 with responses ranging from Once in a while, Sometimes, Fairly Often and Frequently, if not always, and assesses sub-factors such as Idealized Influence, Inspirational Motivation, Intellectual Stimulation, Individualized Consideration, Contingent Reward,

Management-by-exception and Laissez-Faire measures. The MLQ 5X showed high and significant Convergent Validity for the Transformational Leadership Scale ($0.22 < r < 0.79$). Cronbach's Alpha values of the Questionnaire were ($0.74 < ICC < 0.97$) and there was high internal consistency among the sub-factors in the TLQ (Avolio & Bass, 2004).

Employee Satisfaction Survey (Appendix B). The Survey consists of 7 questions, that require employees to rate their satisfaction with their Leaders on a scale of 1-5 with responses ranging from Disagree Strongly, Disagree a little, neither agree nor disagree, agree a little, agree strongly using a 5-point Likert Scale on the sub-factors of Idealized Influence, Inspirational Motivation, Intellectual Stimulation, Individualized Consideration, Contingent Reward,

Management-by-exception and Laissez-Faire measures.

2.5. Sample

The Sample consists of 54 participants, included in the study based on the following criteria.

Inclusion Criteria

- Individuals between the ages of 25 and 50.
- Individuals who are currently employed.
- Individuals currently working under Managers / Team Leaders who they report to on a day-to-day basis.
- Individuals who have a good comprehension of English.

Exclusion Criteria

- Individuals working for themselves and/or who do not have any supervisors.

- Individuals who are doing gig work.
- Individuals pursuing academic degrees and are doing internships.

3. Procedure for Data Collection

The participants were given an informed consent to sign, which entailed that they were subjects for research with their full knowledge and could withdraw from the research at any time they saw fit. Clear and detailed instructions were provided to the participants, in accordance with the way they were to respond to the scales. (1 to 5) or (Strongly agree to Strongly Disagree) for the Employee Satisfaction Survey and between (1 to 4) for the Multifactor Leadership Questionnaire (Appendix A). They were also briefed about the purpose of our research.

The participants were then given the Google Form Link with the MLQ and the Employee Satisfaction Survey (Appendix B), to assess the extent of Satisfaction while working under Transformational Leaders.

The data was then analyzed using IBM's Statistical Package for Social Sciences version 21 and the appropriate statistical tests. A test for normality was done to determine the individual's position concerning the standardization sample or the average scores obtained by them (Anastasi & Urbina, 1997).

This study will examine the relationship between the variables mentioned using Pearson's product-moment correlation coefficient. Karl Pearson developed it and helps in measuring a linear coefficient between variables. It has values between -1 and +1, with +1 establishing a positive correlation between variables, -1 establishing a negative correlation and 0 denoting no correlation (for every increase, there is no positive or negative effect).

4. Results and Discussion

TABLE 1. Normality scores on the Kolmogorov-Smirnov test for Employee Satisfaction Survey (ESS) and Multifactor Leadership Questionnaire (MLQ).

Variable	Mean	S.D	K.S. statistic	df	Significance (p)
ESS	24.68	5.12	0.120	53	0.37
MLQ	58.62	14.41	0.065	53	0.96

Kolmogorov-Smirnov Test of Normality was conducted, as the sample size was more than 50, to assess the normality of the data distribution. The test yielded a p-value of 0.96061, which is greater than the commonly accepted significance level of 0.05. This result indicates that the data is normally distributed.

To examine the relationship between the two variables, of Employee Satisfaction (Appendix B) and the Multifactor Leadership Questionnaire (Appendix A), the Karl-Pearson coefficient of correlation was calculated, as the data was normally distributed. The

correlation coefficient was 0.78, which suggests a strong positive correlation between the two.

These two variables have a strong positive connection, indicating that the employee satisfaction evaluated by the ESS (Employee Satisfaction Survey) and the leadership styles measured by the MLQ (Multifactor Leadership Questionnaire) have a significant relationship.

Higher levels of employee satisfaction as determined by the ESS are correlated with higher scores on the MLQ, which represent the effectiveness of transformational leadership style.

This result is consistent with previous leadership and organizational behavior research that emphasizes the value of competent leadership in promoting employee engagement and satisfaction. A pleasant and encouraging work environment is often fostered by leaders who demonstrate transformational leadership traits, such as idealized influence, inspiring motivation, intellectual stimulation, and Personalized concern. This results in increased levels of employee commitment and satisfaction.

It is crucial to remember that correlation does not indicate causation and more investigation may be required to determine the causal linkages between employee happiness and leadership styles. Several variables, including personality variations, work qualities, and corporate culture may also influence employee satisfaction.

The study's findings offer insightful information on the connection between employee happiness and leadership styles, emphasizing strong transformational leadership's role in creating contented and motivated workers.

5. Limitations

It is important to identify & bridge gaps for holistic research. The study relies on

self-reported data from employees, which can be subject to biases and may not accurately reflect reality. Additionally, the study focuses on a specific type of leadership style (transformational) and may not capture the full spectrum of different leadership approaches in organizations.

The study does not account for other factors that could influence employee satisfaction, such as organizational culture, job characteristics, and individual differences among employees.

6. Implications

The findings emphasize the importance of leadership in facilitating successful organizational change and transformation, particularly the potential benefits of Transformational Leadership. The study highlights the need for leaders to adapt their leadership styles to different situations and organizational contexts, as no single leadership approach may be universally effective.

Organizations should invest in leadership development programs and foster a culture that supports effective change management practices. The study underscores the significance of organizational culture, subcultures, communication, and employee involvement in the success of change initiatives.

7. Scope

Future research could explore the effectiveness of different leadership styles in specific industry sectors or organizational settings, as the dynamics of change management may vary across contexts. Longitudinal studies can be done to examine the long-term impact of leadership styles on organizational performance and employee satisfaction during change initiatives.

Researchers can investigate the interplay between leadership styles, organizational culture, and change management strategies to develop more comprehensive frameworks for effective change implementation.

Additional studies can further explore the role of other factors, such as employee empowerment, communication strategies, and stakeholder engagement, in the success of organizational change efforts. Cross-cultural research could examine the influence of cultural dimensions on the effectiveness of different leadership styles and change management approaches in diverse organizational settings.

Conflict of Interest

The research paper's authors confirm that they have no competing interests. No personal, professional, or financial relationships had an impact on the research's design, data collection, analysis, or interpretation of the findings, which were all carried out independently. Moreover, the research was conducted without external funding or sponsorship from any organizations, and the results are a reflection of the authors' objective analysis.

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Appendix A - Multifactor Leadership Questionnaire

Instructions: This questionnaire describes your leadership style. Twenty-one descriptive statements are listed below. Judge how frequently each statement fits you. The word “others” may mean your followers, clients, or group members.

KEY: 0 = Not at all

1 = Once in a while

2 = Sometimes

3 = Fairly often

4 = Frequently, if not always

1. I make others feel good to be around me.	1	2	3	4
2. I express with a few simple words what we could and should do.	1	2	3	4
3. I enable others to think about old problems in new ways.	1	2	3	4
4. I help others develop themselves.	1	2	3	4
5. They tell others what to do if they want to be rewarded for their work.	1	2	3	4
6. I am satisfied when others meet agreed-upon standards.	1	2	3	4
7. I am content to let others continue working in the same way as always.	1	2	3	4
8. Others have complete faith in me.	1	2	3	4
9. I provide appealing images about what we can do.	1	2	3	4
10. I provide others with new ways of looking at puzzling things.	1	2	3	4
11. I let others know how I think they are doing.	1	2	3	4
12. I provide recognition/rewards when others reach their goals.	1	2	3	4
13. As long as things are working, I do not try to change anything.	1	2	3	4
14. Whatever others want to do is O.K. with me.	1	2	3	4
15. Others are proud to be associated with me.	1	2	3	4
16. I help others find meaning in their work.	1	2	3	4
17. I get others to rethink ideas that they had never questioned before.	1	2	3	4
18. I give personal attention to others who seem rejected.	1	2	3	4
19. I call attention to what others can get for what they accomplish.	1	2	3	4
20. I tell others the standards they have to know to carry out their work.	1	2	3	4
21. I ask no more of others than what is essential.	1	2	3	4

Appendix B - Employee Satisfaction Survey

Answer the following questions about your satisfaction as an employee on a scale of 1-5 with 1 = Strongly Disagree, 2= Disagree, 3=Neutral, 4= Agree, 5= Strongly Agree

1. On a Scale of 1-5, where do you think your leader lies on Idealized Influence?

Note: Idealized Influence indicates whether the leader holds subordinates' trust, maintains their faith and respect, shows dedication to them, appeals to their hopes and dreams, and acts as their role model.

2. On a Scale of 1-5, where do you think your leader lies on Inspirational Motivation?

Note: Inspirational motivation measures the degree to which your leader provides a vision, uses appropriate symbols and images to help others focus on their work, and tries to make others feel their work is significant.

3. On a Scale of 1-5, where do you think your leader lies on Intellectual Stimulation?

Note: Intellectual stimulation shows the degree to which you encourage others to be creative in looking at old problems in new ways, create an environment that is tolerant of seemingly extreme positions, and nurture people to question their values and beliefs and those of the organization.

4. On a Scale of 1-5, where do you think your leader lies on Individualized Consideration?
Note: Individualized consideration indicates the degree to which you show interest in others' well-being, assign projects individually and pay attention to those who seem less involved in the group.
5. On a Scale of 1-5, where do you think your leader lies on Contingent Reward?
Note: Contingent reward shows the degree to which you tell others what to do to be rewarded, emphasize what you expect from them, and recognize their accomplishments.
6. On a Scale of 1-5, where do you think your leader lies on Management by Exception? Note: Management-by-exception assesses whether you tell others the job requirements, are content with standard performance, and are a believer in "if it ain't broke, don't fix it."
7. On a Scale of 1-5, where do you think your leader lies on Laissez-faire measures? Note: Laissez-faire measures whether you require little of others, are content to let things ride, and let others do their own thing.