

The impact of Transformational Leadership and the Mediating Effect of Employees' Perception of Organizational Change on Affective, Normative and Continuance Commitment

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Abstract: In today's dynamic business environment, organizational change is essential to remain continuously competitive in the changing environment. Despite the high awareness of the importance of change, statistics revealed that only one-third of organizational change efforts can be considered successful. Thus, this research aimed at studying how transformational leadership is able to influence employees' perception of the change and impact the different levels of commitment towards change in a multinational company in Malaysia. The partial least squares of structural equation modelling (PLS-SEM) approach was deployed to validate and examine the research theoretical framework, and conduct the hypothesis testing. The result reveals transformational leadership and employees' perception of the changes to be highly predictive of the employees' commitment (affective, normative, and continuance commitment) with regard to the organizational changes. It also indicates that employees' perception of the change has a significant mediating effect on the relationship between transformational leadership and affective, normative, and continuance commitment. Hence, management must be sensitive to employees' reaction for the change initiatives to be successful and it is noteworthy for management to understand the employees' perception of the changes, support their needs to cope with the changes in their effort to overcome these resistances.

Keywords: Employees' perception of organizational change, affective commitment, normative commitment, continuance commitment, transformational leadership

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