The Moderating Role of Followership between the Relationship of
Transformational and Transactional Leadership Styles and Factors of
Employees' Reactions towards Organizational Change

Sajjad Nawaz Khan

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DECLARATION

I hereby declare that this thesis is my own work and that, to the best of my knowledge and belief, it contains no material previously published or produced by other party in fulfilment, partial or otherwise, of any other degree or diploma at other University or institute of higher learning, except where due acknowledgment is made in the text.

Sajjad Nawaz Khan

Matric No: 15010246

DEDICATION

Dedicated to my Family and Friends

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ABSTRACT

This study examined the moderating role of followership between the relationship of transformational and transactional leadership styles and the factors of employees' reactions towards organisational change. The factors of employees' reactions were based on content, context and the process factors of change. The content factor was associated with the frequency of change, the context factor was related to employees' trust in the management and the process factor was based on employees' participation. The mixed methods approach was applied, in which the explanatory sequential research design was used to conduct data collection and analyses. In this design, quantitative data analysis was followed by qualitative data analysis. Convenience sampling was applied to collect data from 506 employees of telecommunication companies in Pakistan. All data were analysed using Smart PLS version 3.0. It was discovered from the results that both transformational and transactional leadership styles were positively and significantly related to the frequency of change, trust in management and employee's participation. Moreover, the process results further identified the moderating role of followership, as it significantly affects the direct relationship of transformational leadership with all three factors of employees' reactions towards organisational change. On the other hand, followership also influenced the direct relationship between the transactional leadership style frequency of change and employees' participation; however, no moderation effect was found between transactional leadership style and the employees' trust in management. The qualitative results also supported the quantitative findings. it has been concluded that for the success of changes in telecom organizations of Pakistan, not only leaders but employee level of creativity and engagement are also important. Managers are not the only agents that implement change successfully but followers also act as change agents during

organizational change programs. Among leadership styles transformational leadership was mostly effective in shaping employees' reactions. Management in telecom sector of Pakistan needs to focus on followers' development and not only on leadership development. To maintain high level of trust and participation followers' involvement in decision making and working processes should be encouraged

Peranan Moderasi Kepengikutan dalam Perhubungan di antara Gaya Kepimpinan Transformasional dan Transaksional dan Faktor-faktor Reaksi Pekerja Terhadap Perubahan Organisasi

ABSTRAK

Kajian ini mengkaji peranan kepengikutan sebagai moderasi dalam perhubungan di antara gaya kepimpinan transformasional dan transaksional dan faktor-faktor reaksi pekerja terhadap perubahan organisasi. Faktor-faktor tindak balas pekerja adalah berdasarkan kandungan, konteks dan faktor proses perubahan. Faktor kandungan dikaitkan dengan kekerapan perubahan, faktor konteks berkaitan dengan kepercayaan para pekerja terhadap pengurusan dan faktor proses didasarkan pada penyertaan pekerja. Pendekatan kaedah campuran telah digunakan, di mana rekabentuk penyelidikan berjujukan digunakan untuk mengumpul data dan analisis. Dalam rekabentuk ini, analisis data kuantitatif diikuti dengan analisis data kualitatif. Persampelan konvenien telah digunakan untuk mengutip data daripada 506 pekerja sektor telekomunikasi di Pakistan. Semua data telah dianalisis dengan menggunakan Smart PLS version 3.0. Daripada dapatan kajian ini menunjukkan bahawa kedua-dua gaya kepimpinan transformasional dan transaksional mempunyai perhubungan positif dan signifikan dengan kekerapan perubahan, kepercayaan dalam pengurusan dan penyertaan pekerja. Selain itu, kepengikutan berperanan sebagai penyederhana kerana ia memberi kesan yang signifikan kepada hubungan langsung kepimpinan transformasional dengan ketiga-tiga faktor reaksi pekerja terhadap perubahan organisasi. Di sisi lain, kepengikutan juga mempengaruhi hubungan langsung antara kekerapan perubahan gaya kepemimpinan transaksional dan penyertaan pekerja; Walau bagaimanapun, tiada kesan penyederhana didapati antara gaya kepimpinan transaksional dan kepercayaan para pekerja terhadap pengurusan. Ini dapat disimpulkan bahawa untuk kejayaan sesuatu perubahan di organisasi

telekomunikasi di Pakistan, tahap kreativiti dan keterlibatan pemimpin dan pekerja adalah sangat penting. Bukan hanya pengurus yang bertindak sebagai agen perubahan namun pengikut juga perlu bertindak sebagai agen perubahan dalam apa jua program perubahan organisasi. Gaya kepimpinan transformasional dilihat lebih memberi kesan dalam menentukan reaksi pekerja. Pihak pengurusan di sektor telekomunikasi Pakistan perlu juga lebih fokus terhadap pembangunan pengikut dan bukan hanya bertumpu kepada pembangunan kepimpinan. Untuk mengekalkan tahap kepercayaan yang tinggi dan penyertaan pengikut dalam pembuatan keputusan dan proses kerja perlulah digalakkan.

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CHAPTER 1

OVERVIEW OF THE STUDY

1.1 Introduction

After more than five decades of research and theories on the qualities and behaviours of an effective leader it has since been acknowledged that leadership and followership are two intricately intertwined concepts in effective leadership and organizational success (Collinson, 2009). Hence, this study aims to explore the relationship between leadership styles (transformational leadership style and transactional leadership style) and content, context, and process factors of employees' reactions towards organizational change. This study further investigated the moderating role of followership in the relationship between leadership styles and factors of employees' reactions in order to understand the distinct role of followership in leader-follower interaction. This chapter provides readers with an overview of the current study and highlights the important aspects such as background of the study, problem statement, identification of the research objectives, formulation of research hypotheses, conceptual framework, significance of the study and definition of the terms used in the current study as a basis for understanding the rationale of conducting research in the hope of realizing the leadership-followership process that can bring about real and mutual changes (Robert & Jerry, 2013).

1.2 Background of the Study

Over the past few decades, substantial research has been done in the field of organizational change management. Many factors such as job demands, job knowledge and skills, job satisfaction, organizational commitment, social relations at the work place, performance measurement, change efficacy, communication, organizational justice, logistics and system

support and many more determinants prevails in support of organizational change programs (Chawla & Kelloway, 2004; Cinite, Duxbury, & Higgins, 2009; Cunningham et al., 2002; Eby, Adams, Russell, & Gaby, 2000; Madsen et al., 2005; Peach et al., 2005; Rafferty & Simon,2006; Wanberg,& Banas, 2000).However, investigationsin many studies on organizational change shows unsatisfactory results. For instance, Beer and Nohria (2000), Burke (2010), Burnes (2011)and Meaney and Pung (2008) documented that change implementation often fails. One reason for these change failures was that during the change process most of the attention was given to information systems and organizational structure, whereas human resourcefactors were ignored (Gill, 2002; Oreg et al., 2011; Penava & Šehić, 2014). Moreover, past research mostly focused on the macro perspectives of organizational change like strategic change management processes. Many of these studies were concerned about explaining what change looks like and how it stimulates change; in what way it would improve with the passage of time, and in what sense it may and might be dealt with (Oreg, Michel & By, 2013).

In contrast, many researchers claim that organizational and system-level variables like total quality management, mergers and acquisition, and technological changes are not the only factors responsible for organizational change success. Theirfocuswasmore on the micro-level perspective by examining the individuals within the organization. Therefore, in the last two decades, realization of the importance of recipients' perspectivesweregradually increasing and researchers are acknowledging the role of employees in the success of organizational change (Mdletye et al., 2013; Oreg, 2006; Rafferty, & Restubog, 2010; Vakola & Nikolaou, 2005). Change recipients is a common term used to organizational members who are affected by change implementation, including employees and managers who normally have less control and influence over change implementation (Oreg et al.,

2013). In keeping with the above, current study focuses on the micro-perspective to describe what changes feels or looks like from the standpoint of change recipients namely the employees). In terms of models since, Kurt Lewin model of planned change different researchers have proposed and developed different change content and process models such as Kotter's 8 steps model (1995), The McKinsey 7-S model (1980), and Pettigrew processual approach (1987). However, Armenakis, and Bedeian (1999), were the first to discuss the content, context and process factors and proposed that in order to understand employees' reactions it is important to study all these factors simultaneously. Their idea was later supported by Devos et al. (2007), Walker et al. (2007) and Oreg et al. (2011). In this present study,Oreg et al. (2011) model was used to analyse the content, context and process factors of employees' reactions towards organizational change. The content factor is the frequency of change which explains how frequently change occurs in the organization (Rafferty & Jimmieson, 2017). The context factor is trust in management which highlights the level of employees trust upon their managers (leaders) (Hartog et al., 2002). Finally, the process factor of change isthe employees' participation which explains the level of employees' participation in organizational change process (Oreg et al., 2011).

It has been said that without leadership there is no change and improvement (Atkinson & Mackenzie, 1999). Supported by Senior and Fleming (2006) a leader is a change agent who takes initiative and brings successful change for organizations. From organizational change perspectives, there have been numerous practitioner-oriented debates focusing on the leadership role and employee resistance but on the other hand, the number of empirical studies that examine the relationship between leader behaviour and employees' reactions towards change is very limited (Herold et al., 2008;Holten & Brenner 2015;Oreg & Berson, 2011). Past research has indicated that if leadership is change-

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oriented, participative, informative and fair, it produces positive reactions towards change (Holten & Brenner 2015; Oreg et al., 2011). During organizational change, leaders perform an important role both as a role model and driver of change, and their behaviour influence the interests of followers (Skakon et al., 2010). Among many leadership styles; transformational and transactional leadership styles were mostly related to organizational change context (Ahmad & Cheng, 2018; Herold et al., 2008;Holten & Brenner, 2015; Oreg & Berson, 2011; Yasir et al., 2016).

In relation to specific leadership styles, a study conducted by Khan et al. (2014) in the telecom sector in Pakistan concluded that transformational leaders and employee creativity can lead an organization towards innovation, and that the organizational supportive environment enables leaders and employees to exchange views with each other and that leaders motivate all employees. Another study conducted by Janjua and Sobia (2010) to analyze the contextual factors of organizational change in Pakistan revealed that external factors like global and national economic conditions, law and order situations and innovation are mostly affect Pakistani business organizations. However, the internal contextual factors like new product design and service delivery predict as great opportunity for business growth. Bass (1985), Bass and Avolio (1999) and Antonakis et al. (2003) claimed that the transactional leadership style was mostly related to a stable organizational situation through maintain us the status quo.

 On the other hand, a study conducted by Riaz, Akhtar, and Aslam (2018) in the telecom sector of Pakistan identified that reward plays an important role in employees' performance and motivation in uncertain and highly competitive organizations. Similarly, Manzoor et al. (2015) identified that extrinsic and intrinsic reward and manager involvement positively related to job satisfaction in the telecom sector of

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Pakistan.Therefore, this study also utilized transactional leadership styles to determine their contribution in shaping employees' reactions in organizational change context because it is based on contingent reward and management by exception components.

Additionally, most of the previous leadership research was leader-centric, that highlighted followers asrecipients of leadership outcomes (Uhl-Bien et al., 2014). Currently, followership is an emerging field of study explaining the behavioural (Kelley, 2008), relational (Meindl, 1995), cognitive (Sy, 2010) and constructionist (DeRue & Ashford, 2010) perspectives of followers. It highlights the followers' side in the leadership equation. According to Shamir (2007), removing followers from the leadership equation indicates that we are not studying leadership but a social phenomenon like collaboration and team work. In a leader centric approachfollowers' motivation and attitudes are studied as outcomes of leaders' behaviour (leader-centric approach) (Bass, 1990; Bass et al., 2003; Judge & Piccolo, 2004; Lowe et al., 1996). Zhu et al. (2009), examined the moderating role of followers' characteristics between the relationship of transformational leadership style and followers work engagement identified that followers' characteristics positively moderate the proposed relationship.

In summary, followers can play an effective role through both challenging and supporting leaders within the adoptive culture of organization in the context of organizational change (Doppelt, 2009). Towards successful organizational change, the recognition of the followership concept on individual, group, and organizational levels and methods for producing good effective followers are very important (Bennis, 2010). Gradually, as conventional organizational hierarchy dissipates between followers and their leaders, the role that followersare supposed to play in leader-follower relations is becoming more critical to organizational success. However, from strategic standpoint follower's role can