

The Impact of Transformational Leadership on Organizational Change Management: Case Study at Jordan Ahli Bank

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Abstract: *The present study has aimed at identifying the impact of the transformational leadership on organizational change management at Jordan Ahli Bank. To achieve the objectives of the study, a standard questionnaire was adopted, adjusted and distributed to the population of the study which consisted of the branches' managers at Jordan Ahli Bank, their numbers were 50 managers, 44 questionnaires have been returned with 84% response rate. The present study has shown that transformational leadership dimensions (idealized influence, inspirational motivation, intellectual stimulation, individualized consideration and empowerment) are affecting organizational change management at the structural, technological and people level at Jordan Ahli Bank from the branches managers perspective at Jordan Ahli Bank.*

Keywords: *transformational leadership, change management, Jordan Ahli Bank.*

I. Introduction

Organizational change is a necessity for organizations to survive and prosper. In fact, most organizations compete by changing continuously (Brown & Eisenhardt, 1997)

Organizations in both the private and public sectors are in need of revolutionary, transformational change. Incremental change and modest improvements won't be enough. Everything must be done better, smarter, and faster while doing more with less and building organizations that attract and retain talented leaders and staff. The organizations that hear this call for change and take a proactive approach to making the changes that can and must be made have a good chance of thriving. The rest may have difficulty surviving in a new organization world where uncertainty, constant change, increased competition, frequent restructuring, downsizing, budget cuts, and layoffs are becoming common place and a growing number of organizations that are household names are not able to make it. (D.D. Warrick, 2011)

The degree of change that is required in these times of dynamics and unpredictable economic, social, political, technological, and organizational change can best be accomplished by transformational leaders who have the desire, courage, and skills to make the needed changes and who understand the fundamentals of transformational leadership. (D.D. Warrick, 2011)

Present organizations have begun to focus on re-activation and being transformed into ones capable of meeting future competitive challenges. This has been accompanied by growing concern on the part of researchers studying transformational leadership. Such type of leadership helps to quickly spot new market opportunities convenient for the development of proficiency within the organization. A transformational leader is described as being a person of vision, creativity and inspiration who leads the change.

The most important challenges, however, is creating effective leadership capable to lead the organization under this changeable turbulent environment into success, continuity and excellence. This can be achieved by improving performance through an effective type of leadership – transformational leadership. A large number of studies have been conducted over the last two decades on transformational leadership (Bass, 1998)

These studies showed that there was a relationship between the behaviors of transformational leadership and production on both the individual and organizational levels. This paved the way to a study which aimed at identifying the impact of transformational leadership on management change regarding branches' managers in the Jordan Ahli Bank.

In the present study we are interested in studying to determine the impact of transformational leadership on change management. Thus, the purpose of this study is to draw the transformational leadership literature that is primarily concerned with the capabilities required to enact change successfully. First, we will describe the latest literature relating to transformational leadership. Next, we will review literature relating to change management. Finally, we will integrate these literature and links between transformational leadership and change management.

Despite the voluminous research that has been conducted in this area, a recent computer search failed to reveal any literature that examined the relevance of transformational leadership to Jordan culture, especially at commercial banks. This paper reports an exploratory investigation on the relevance and nature of

transformational leadership within a Jordanian management context . This paper reveals that the impact of transformational leadership on change management is not just theoretically sound , but , in fact , empirically proven . This paper has applicability to any leader , or aspiring leader , in an organizational setting seeking to improve their abilities .

Jordan Ahli Bank considers one of these organizations that concentrate on continuous and transformational change on different levels , at the working process level it depends on technology to introduce the services to it's clients , such as internet services , also currently changes are made at the level of employees , including reducing the number of employees those who arrived the age of social security , and the works currently underway on the development of a new banking system .

II. Theoretical Framework

2.1. Conceptual background and hypotheses

2.1.1. Transformational leadership

As an idea , transformational leadership was first mentioned in 1973 , in the sociological study conducted by the author Downton , J . V., "Rebel Leadership : Commitment and Charisma in the revolutionary process, (Ivana Simic, 1998) .

After that , James McGregeor Burns used the term transformational leadership in his book "Leadership" (Burns ,1978) .

According to Burns , transformational leadership is a process in which leaders and followers always try to promote their own psychological ability and motivational capability to higher levels . In this process , the mutual and growing relationship between leaders and their followers is current (Krishnan , 2004) . Also , Burns , made a distinction between transactional leaders and transformational leaders . Transactional Leadership describes the transaction that occurs between leaders and followers in getting the job done and achieving goals . In many ways it is another term for management . The leader makes clear what needs to be done and offers rewards in exchange for individual and group effort directed towards goal attainment . Transformational leadership describes a process by which leaders bring about significant positive changes in individuals , groups , teams , and organizations by using inspiration , vision , and the ability to motivate followers to transcend their self – interest for a collective purpose (Avolio , Waldman , & Yammarino , 1991) .

In 1985, Barnard M. Bass presented a formal transformational leadership theory which , in addition to other things also includes the models and factors of behavior (Bass , 1985). He described specific behaviors that characterized transformational leaders such as being a model of integrity and fairness , setting clear goals , having high expectations , encouraging people and providing support and recognition , stirring the emotions and passions of people , and getting people to look beyond their own self – interest and reach for higher goals .

According to Bass and Avolio (1994) , transformational leaders must exhibit the four factors commonly known as the "four Is " to bring major changes :

- The idealized influence : It is the style by which the subordinates trust and stimulate their leaders behaviors , and they embrace their values and commit to achieve their vision which maximize self- confidence and the pride of participate with the leader . The transformational leaders minimize using their authorities for personal benefits , but they employ most of their capacity and experience to motivate the group towards vision related to their purposes , and usually the leader seeks to persuade the subordinates and attract them for the group interest , and talking optimistically about the future and form an interesting pictures about the organizational change .
- The inspirational motivation : It confirms the behavior style and communication that direct the subordinates and makes them feel the work's value and challenges. The transformational leaders show a lot of enthusiasm and optimism that have a direct positive impact on the subordinates live and in force the feeling of the group spirit and inspire the others with what they say and do, their vision does not mislead the others, but enables them
- The intellectual stimulation : It confirms the dimension of encouraging the subordinates to rethink ideas never presented. It is the rationale side of the leadership which includes testing the old assumptions which is used as entrances to solve many problems, but from new corners. The transformational leader focuses on (What) in the problem instead of (who) .
- The individualized consideration : The humanitarian considerations look to more than developing the subordinates, it focuses on dealing with each subordinate as a distinguished person, which prevents the frustration among the subordinates. Usually, the transformational leaders express especial interest of their

subordinates needs to achievement and growth. They represent the teacher, trainer and consultant. The open dialogue trains the subordinates on the listening skills, it is based on the rule of what the subordinate hears and not on what is said to him or taught to him. The transformational leaders enable their subordinates to take decisions, and they never stop supporting and directing them and assessing their progress .

- Also (Avolio, etal,1999) added a fifth dimension for transformational leadership , they called employee empowerment , which indicate to the granting decision making authority and /or creating opportunities to influence decision , and providing ability to make choices

2.1.2. Organizational change :

Change is a shift in some condition or situation from its present state to a new and different state . A change can range from minor shifts in procedures or technology to a revolutionary shift in roles within the a society (Thomas V . Mecca , 2004)

Armstrong (2009) asserts that change is the only thing that remains constant in organizations.

Organizational change is a shift or adaptation of behaviours , values , strategies and techniques that are intentionally implemented in the workplace with the aim of enhancing individual growth and organizational performance (Weick & Quinn, 1999)

There tends to be a great deal of consensus amongst researchers regarding the drivers for change , finding three major sphere of influence which drive organizational change . These are technological , economic , and sociocultural . Escalating technological advancement have provoked a continuing evolution in the shape and structure of organizations , having a direct influence on the conduct of management . These rapid developments in technology underpin the dramatic shifts in the economic environment . There is now a great emphasis on knowledge and human capital , and global boundaries have been eroded to extend operations in dimensions of both time and distance (Michael L. Jones , 2010) .

An organization that does not adopt changes cannot survive long in market (Boston . M A, 2000) .

Organizational changes provide different significant benefits , it improves competitiveness , improves financial performance , enhances employees and customer satisfaction and most important is that it leads organization towards continuous improvement and sustainability , and these changes made the organization as a whole stronger (Boston . M A, 2000)

Targets of organizational change :(Arthur G . Bedeian & Raymond F .Zammuto , 1991)

- Structural change : involves modifying any of the basic components of structure , included would be changes in departmentalization , authority , delegation , spans of control , and hierarchical levels .
- Technological change : involves modifying means whereby an organization transforms inputs into outputs , by using new equipment , new computer – support system , new tools , and new forms of automation .
- People change : involves modifying the way employees think and act .

2.2. Literature Review

2.2.1. Arabic Studies

Several studies have been carried out in terms of transformational leadership and organizational change in developed and Arab contries , therefore, too many empirical studies conducted to examine the impact of transformational leadership on organizational change. The researcher concentrated on some of these studies as follow:

Kamil Hawajreh. (2010) sought to examined the relationship between the learning organization and perceived organizational readiness for strategic change in Petra University in Jordan . Learning organization constructs were identified on the basis of seven dimensions : create continuous learning opportunities , promote inquiry and dialogue , encourage collaboration and team learning , create systems to capture and share learning , empower people toward a collective vision , connect the organization to its environment , and provide strategic leadership for learning organizational readiness for change was identified on the basis of employees' perceptions of their organization's readiness for change by utilizing the attitudes toward change concept . The result of the study suggested that first , participants' highest perceived level of the action imperative for the learning organization was providing leadership , whereas system connection was the lowest . Second , participants' level of each of the seven action imperatives of the learning organization were positively and significantly related to their perceptions of organizational readiness for change . Third , providing leadership and the overall dimensions of the learning organization questionnaire had the highest correlation with organizational readiness for change .

In her study, Ragad M . Khrrofa (2010) , Aimed to show the nature of the relationship between the power of leadership on achieving organizational change in industrial organizations in Nineveh province of Iraq . The study showed that there is a relationship and effect between the power of leading in terms of variables and the organizational change in terms of fields .

Ahmad Salih & Muhammad Mubaideen (2013), study the “The Administration Leadership Between Transactional and Transformational Leadership and Its Impact in the Implementation of the Strategic Objectives of the Ministry of Environment of Jordan – a Field Study in the Large Industrial Companies”. The study aimed to identifying the effect of transactional and transformational leadership approaches on the implementation of strategic objectives for Jordanian Ministry of Environment . The study concluded that the effect of transformational leadership approach was more than the effect of transactional leadership approach in implementation of strategic goals of Jordanian Ministry of Environment .

In addition to that, Hasan Ali Al-zu'bi (2011) "Investigating the Relationship Between Corporate culture and Organizational Change : An Empirical Investigation", the study examined the relationship between corporate culture and attitudes toward organizational change in the Jordanian insurance companies registered in the Amman Stock Exchange . The study showed that there is a relationship between corporate culture and the affective , cognitive , and behavioral tendency of attitudes toward organizational change .

While , Ali Abaas conducted a study in title of "Impact of Managerial Leadership Styles on Changing Decision Making Process : An Applied Study in Jordanian National Electricity Company " (2012) , The study aimed to investigate the impact range of managerial leadership styles (Autocratic , Democratic and Loose) on the decision making process , and the resistance range of subjects to the decisions and in its implementation , the results showed that there is a different leadership styles existed in that company , and the democratic style has a strong and positive impact on the decision making process , while the loose leadership style has less impact , but autocratic style has a negative impact .

Also , Maha . M Al-Khaffaf conducted a study in title of " Appling Change Management Critical Success Factors in Bank of Jordan and Capital Bank" (2012) , The study aimed to identify the application of the concept critical success factors of change management in both Jordan Bank and Capital Bank for each bank , compare these factors among this two banks in order to develop a new change model . The results indicated that the following seven critical success factors were the one that both Banks agreed upon : resources , top management support , quality , employee satisfaction , training , technology , process and systems . Also , the study showed no statistical significant variation among the surveyed banks in terms of change management component .

Yassin k . Al Kresheh , etal ,(2013) , conducted a study in title of "The Impact of Change Factors on Achieving Organizational excellence : A model Arab Potash Company , Jordan (APC) " , the study aimed to determine the impact of change factors at organizational excellence among employees in the (APC) , the results indicated that perceptions of respondents toward the change factors was medium , although their perceptions toward the organizational excellence was high , also , there was an impact of change factors in organizational excellence .

Ahmed Yousef Dudin and Roa'a Adnan Al-rababah (2015) , conducted a study in title of "Strategic Leadership and their Effect on Managing Organizational Change : Case Study ZARQA University " , the study aimed to identify the effects of strategic leadership on managing of the organizational change in Zarqa University , the study concluded that there was an effect of strategic leadership on managing the organizational change , also , there was an effect of creative and transactional leadership on managing the organizational change , while , there was no effect for the transformational leadership on managing the organizational change .

2.2.2. Foreign Studies

Paul Chou (2013) , conducted a study in title of "The Effect of Transformational Leadership on Follower's Affective Commitment to Change " , the study aimed to explore the mechanism through which transformational leadership influences employees' affective commitment to change at farmers' associations in Taiwan . The results indicated that transformational leadership not only directly affects employees' affective commitment to change , but also indirectly affects employees' affective commitment to change via perceived organizational support and affective commitment to the organization .

Muhammad Hussain Uddin (2013) conducted a study in the title of "Role of Transformational Leadership in Organizational Change : mediating Role of Trust" , To examine the relationship the author collected the data via questionnaires from the banking sector of Pakistan . The results indicated that there was significant relationship between the transformational leadership with organizational change and trust was playing the mediating role .

Elham Gorgani , and etal , (2014) , conducted a study in title of "investigate the Role of Transformational Leadership in Organizational Change : Case Study of an Industrial Company in Iran " , the study sought to achieve leadership roles in organizational change , the results showed leadership in the cognitive skills , practical skills and social skills of managers has had a significant positive impact on organizational change .

Study Hypotheses

On the basis of literature evidence , following hypothesis have been developed :

H 1: There is positive impact with statistical significant at level $(\alpha \leq 0.05)$ for transformational leadership dimensions (idealized influence , inspirational motivation , intellectual stimulation , individualized consideration and empowerment) on structural change .

H 2: There is positive impact with statistical significant at level $(\alpha \leq 0.05)$ for transformational leadership dimensions (idealized influence , inspirational motivation , intellectual stimulation , individualized consideration and empowerment) on technological change .

H 3: There is positive impact with statistical significant at significant level $(\alpha \leq 0.05)$ for transformational leadership dimensions (idealized influence , inspirational motivation , intellectual stimulation , individualized consideration and empowerment) on people change .

III. Research Method

Population of the study

The participants in this study consisted of the branches' managers of Jordan Ahli Bank , their numbers were 50 managers , 44 questionnaire have been returned with 84% response rate . To achieve the objectives of this study , a standard questionnaire was adopted from already developed questionnaires .

IV. Results and Analysis

Multiple regression model was run in order to test the hypothesis , at statistical significant level $(\alpha \leq 0.05)$, as the following :-

Table 1 shows the first hypothesis test as the following :-

item	α	Beta	R	R Square	α
Idealized influence	0.820	0.065	0.525	0.275	0.026
Inspirational motivation	0.328	0.408-			
Intellectual stimulation	0.042	0.518			
Individualized consideration	0.048	0.553			
empowerment	0.744	0.104			
constant	0.613	0.738			

Simple correlation coefficient (R) between independent variables (transformational leadership dimensions) and dependent variable (structural change) is (0.525) ,which indicate that there is a medium positive correlation between the two variables , and the coefficient of determination (R- Square) is equal to (0.275) , which means the independent variables (transformational leadership dimensions) was able to explain (0.275) of change in the dependent variable and the rest is due to other factors , and the value of significant level (α) for the impact of transformational leadership dimensions on the structural change is equal to (0.026) , which is less than the specific value (0.05) and thus the first hypothesis accepted .

Table 2 shows the second hypothesis test as the following :-

item	α	Beta	R	R Square	α
Idealized influence	0.906	0.038-	0.605	0.366	0.003
Inspirational motivation	0.621	0.231			
Intellectual stimulation	0.018	0.683			
Individualized consideration	0.139	0.460			
empowerment	0.865	0.061-			
constant	0.386	-1.426			

Simple correlation coefficient (R) between independent variables (transformational leadership dimensions) and dependent variable (technological change) was (0.605) ,which indicate that there is a medium positive correlation between the two variables , and the coefficient of determination (R- Square) is equal to (0.366) , which means the independent variables (transformational leadership dimensions) was able to explain (0.366) of change in the dependent variable and the rest is due to other factors , and the value of significant level (α) for the impact of transformational leadership dimensions on the technological change is equal to (0.003) , which is less than the specific value (0.05) and thus the second hypothesis accepted .

Table 3 shows the third hypothesis test as the following :-

item	α	Beta	R	R Square	α
Idealized influence	0.747	0.066-	0.667	0.444	0.000
Inspirational motivation	0.776	0.084-			
Intellectual stimulation	0.239	0.210			
Individualized consideration	0.000	0.778			
empowerment	0.688	0.091			
constant		0.998			

Simple correlation coefficient (R) between independent variables (transformational leadership dimensions) and dependent variable (people change) was (0.667) ,which indicate that there is a strong positive correlation between the two variables , and the coefficient of determination (R- Square) is equal to (0.444) , which means the independent variables (transformational leadership dimensions) was able to explain (0.444) of change in the dependent variable and the rest is due to other factors , and the value of significant level (α) for the impact of transformational leadership dimensions on the technological change is equal to (0.000) , which is less than the specific value (0.05) and thus the third hypothesis accepted .

V. Conclusions

The results have shown that transformational leadership dimensions are affecting organizational change management at the structural , technological and people level at Jordan Ahli Bank from the branches managers perspective , also the results have shown that the transformational leadership dimensions (idealized influence , inspirational motivation , intellectual stimulation , individualized consideration and empowerment) are applied in a high level at the branches managers of Jordan Ahli Bank .

Suggestion for Future Research

The present study has been applied at one commercial bank in Jordan (Jordan Ahli Bank) , and in future for results generalizations purpose , it is suggested to conduct a comparative study of commercial banks in Jordan. then it is suggested to check the demographic linkages and other work related attitudes relationship with transformational leadership.

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