

Transformational Leadership and Organizational Change Examining the Mediational Approach of Knowledge Sharing

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ABSTRACT

This study examines the transformational leadership behavior for organizational change by creating the environment of sharing knowledge in organizational and individual level of the organization for a sample of 300 employees and their managers. The data analysis using confirmatory factor analysis and structural equation modeling explores the results of knowledge sharing for organizational change. Rather, this study explains the two dimensions from transformational leadership to knowledge sharing and organizational change, and their relationship has been identified. The results show that transformational leadership has a strong and significant relationship with knowledge sharing, knowledge sharing has strong and significant relationship with organizational change, and at last, the transformational leadership has positive and significant relationship with organizational change. This study also explores the theoretical, managerial, and practical implications.

KEYWORDS

Knowledge Sharing, Organizational Change, Transformational Leadership

INTRODUCTION

Organizational change is required for survival and prosperity of an organization. The frequent and purposeful changes are smaller but effective in organizational change (Wieck & Quinn, 1999). Therefore, many studies have been conducted in past about change; few of them identified the importance of leadership style, and employee participation in change of organization. Two questions have been addressed in this study, first; the transformational leadership style is more effective than any other leadership style as addressed by Bass, & Avolio, (1994) and Dvir, Eden, Avolio, and Shamir, (2002) but other leadership styles are not part of this study theme, and many spontaneous studies have been conducted and one of them is Zhu et al., (2013) study concludes the direct effect of different leadership styles, particularly transactional leadership behavior on organizational citizenship behavior, job performance, creativity and the work outcomes, but this leadership style was shifted to transformational leadership behavior in recent years (Pillai, 2013). Because in various leadership perspective, this kind of leadership style is not only effective in managerial way for organizational

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change (Bass & Riggio, 2006) process but also creates the environment of sharing knowledge in group and individual level of the organization (Garcia-Morales, Llorens-Montes, Verdu-Jover, 2008; Li, Shang, Liu, and Xi, 2014) and, second; the employee participation in sharing of knowledge stimulates the organizational change. At different level, the transformational behavior of leadership could be more effective at sharing and creating knowledge, while the transactional behavior of leadership might be more effective in knowledge exploitation at organization (Bryant, 2003). The organizations' leaders want to bring successful organizational change in the organization, then why some changes succeed or fail in organizations? Some of the factors like trust; communication; direct supervision etc are being studied by Allen, Jimmieson, Bordia, and Irmer, (2007) for successful organizational change.

This study integrates the leadership behavior and knowledge sharing for plausible gaining of change in organization. Therefore, the study builds successful change implementation, as Herold, et al., (2007) examined that employees are critical for thriving change, because of developing better work environment for decisions regarding organizational change. For this purpose, the transformational leadership has been linked effectively with managers in organizational change process (Bass, & Riggio, 2006), which posits the need for creating, sharing and changing organizational visions with employees for adaptation, inspiration and institutionalizing change. However, the transformational leadership; sharing knowledge sharing and organizational change at one level.

This study has been organized in given form. The first part presents the literature on transformational leadership style, knowledge sharing and organizational change. The research model has been developed and articulated four hypotheses correspondingly. Research methodology was developed and clarified the constructs of variables; data collection procedures; data analysis and last the hypotheses testing for the current study.

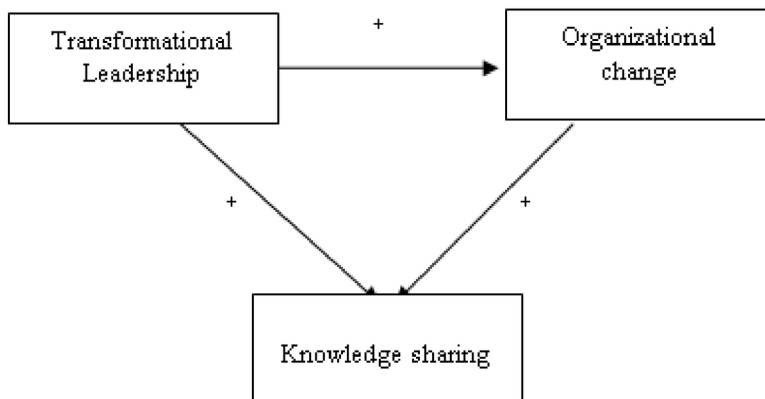
Theoretical Background and Hypotheses

Transformational Leadership and Organizational Change

Today's organizations confront the rapid change and this change has emphasized for more flexible and adaptive leadership. The flexible and adaptive leaders have been considered to be more effective in rapid change environment by giving the appropriate response for change challenges, generating creative solutions for complex problems, and developing an extensive range of leader responsibilities (Bennis, 2001) and this type of adaptive leadership had been labeled as transformational (Bass, 1985). As change in organization is necessity for survival and prosperity, but this needs individuals' perceptions about frequency of change, impact of change and planning involved in change; for this purpose, the organizations are required to depict new ways of conceptualizing and features of change which may be faced by individuals in organizations (Rafferty, and Griffin, 2006). By illustrating a clear map of successful organizational change requires a closer contact with workers which might be the managers of transformational behaviors (Rafferty, Griffin, 2006) and this leadership style was linked managerially more effective in organizational change (Bass, Riggio, 2006). The individuals having transformational leadership behavior reported less psychological uncertainty than individuals reported their leaders are unsupportive.

Our question about the leadership impact on organizational change has been addressed by Burke (2002) as "what has not been as clear from the literature is the impact of leadership on organizational change" and further Burke concludes that "it seems reasonable to assume, nevertheless, that because there is mounting evidence that leaders affect organizational performance in general, surely they have an impact on organizational change in particular" (p. 241). Therefore; vibrant and exciting future would be paint by the leaders having transformational leadership behavior, this leadership style will describe the things more general and strategic after change being made. However, the leaders' inspiring a vision, tending to followers need, empowering followers, will impact the individuals to organizational change. Thus, on the literature above, we hypothesized the following:

Figure 1. Conceptual Model of the Study



Hypothesis 1: The leader having transformational leadership will have positive and significant effect on organizational change.

Transformational Leadership and Knowledge Sharing

Knowledge is power, then why do individuals face risk of losing personal honor to be sacrificed over others? Because possession of knowledge is the professional profile of individual's, therefore; they will be reluctant to share knowledge with others (Coakes, Coakes and Rosenberg, 2008), and Darrah, (1995) pointed knowledge sharing as the loss of authority. But still people are going to share their knowledge with others by having a strong personal motivation (Boer, Berends, and Baalen, 2011). If personal motivation involves an exchange relationship, it will link the leadership as transactional, and thus rewards obtained for motivation will influence knowledge sharing (Constant, et al., 1994), but when employees compare their success with organization's goals and values, it will motivate and contribute for more cooperation to the work context in organization and this motivation and commitment will lead employees for knowledge sharing and this behavior leads to transformational (Bass, 1998; and Yukl, 2006). Various determinants of knowledge sharing have been highlighted by different researchers but most of them turned its attention to the leadership importance in facilitating knowledge sharing (Nguyen, & Mohamed, 2011; Xue, Bradley, & Liang, 2011). Many factors for knowledge sharing have been examined for maximizing the knowledge sharing in organization, and one of them was the transformational leadership which enhances knowledge sharing (Wang and Noe, 2010). The transformational leadership was examined at individual level that it has positive and direct effect on knowledge sharing, (Chen & Barnes, 2006), however; Li, Shan, and Xi, (2014) argued, that transformational leadership either individual or organization facilitate the knowledge sharing in the organization. A social influence process may be converged for knowledge sharing and this influence would be leadership behaviors (Sluss & Ashforth, 2008). This leadership behavior was pointed out by (Bryant, 2003) that management knowledge could be enhanced directly and indirectly through knowledge sharing by transformational leadership behavior. This leadership style has charisma and individual attention (Conger & Kanungo, 1998) and it incentivizes for self-interest, inspirational motivation, team spirit, and critical component (Bass & Avolio, 1990) to each worker for inspiring of share knowledge with others, so on the basis of above augments, we hypothesis the following:

Hypothesis 2: Transformational leadership positively associates with knowledge sharing.

Knowledge Sharing and Organizational Change

The disseminating or transferring knowledge is most growing research (Chowdhury, 2005), which is an activity of transmitting from one person or group to another (Lee, 2001), for the diligence of innovation in organization. Thus employees are required to get association with change (Porran, and Robertson, 1992). This association depends on the collaboration of work environment, based on trust, active listening and knowledge sharing. Organizational change is the result of episodic organizational process on current practices, and routines, which creates new knowledge and is considered a key factors for change (Ionescu et al., 2012). Changing organization is to be considered as an art, and science. It needs vision, courage, leadership, imaginations, skills, and wisdom also. These factors may generate necessary knowledge but may not be sufficient for organizational change. Therefore; implementation of change is difficult to apply on existed routines and practices, but new members to be filled with new job functions, new patterns of information flow for communication, and establish work routines for implementing the changes to organization (Amburgey et al., 1993). This will be established through a shared vision between employees and leaders, because organizational change needs universal acceptance, support, and suggestions at from employees and leaders in organization. The top to bottom and bottom to top ranks will introduce a culture of sharing emphasizing unity, cooperation, belongings among employees, understanding of employees about firm and market, and sharing encourages employee's participation in decision making of organization (Quinn, 1988). This sharing behavior will help hold employees together and aware 'why things happen the way they do' rather than simply 'what happens around here' (Deshpande & Webster, 1989). In a knowledge sharing culture, employees share the same understanding and identity for 'why new actions and changes are necessary will promote their willingness to work together and engage in new activities. Therefore; sharing knowledge among employees will facilitate change and strengthen the effect on organization. Hence, following hypothesis has been developed for this study:

Hypothesis 3: Knowledge sharing has positive and significant association with organizational change.

Knowledge Sharing Mediating the Transformational Leadership and Organizational Change

In literature the transformational leadership has been hypothesized to be positively related to organizational change, and knowledge sharing, and knowledge sharing has been hypothesized to be positively related to organizational change. Knowledge sharing would be likely mediate the transformational leadership and organizational change. Therefore; the following has been hypothesized:

Hypothesis 4: Knowledge sharing will mediate the relationship between transformational leadership and organizational change.

ANALYTICAL PROCEDURE

Prior, to evaluating the impact of transformational leadership style on organizational change, first, we examined the psychometric properties of the scale developed for this research. The confirmatory factor analysis was conducted for transformational leadership behavior, knowledge sharing and organizational change as a first step. In the next step, we conducted the overall confirmatory factor analysis (CFA) to assess the discriminant and convergent validities for all the constructs used in this research. The covariance structure was used in the following step for the determination of transformational leadership impact on organizational change, and to explore the mediating role of knowledge sharing in the process.

Research Methods

Data Sample and Procedure

For testing of hypotheses developed, and to answer the questions, a Zong telecom company was taken into consideration. The Zong telecom is merely medium sized company, located in the major cities of the country. The data was collected from the head offices of the multiple cities. The population contains, 70% were male aged from 30 to 50 years, the educational level was higher, and year of experience from 5 to 9. Questionnaires were distributed among 350 individuals and managers. We collected data from 320 and usable data were 300. Table 1 shows further demographic information of the study.

Table 1. Summary of Sample Characteristics (in Percent)

Response Rate	70
Gender	
Male	70
Female	30
Level of Education	
Less than high school	4.0
High school degree	10.0
Four year degree	46.4
Master's degree	39.6
Tenure in Organization	
up to 5 years	75.5
up to 10 years	25.5
Age	
30-35	40.6
36-40	49.5
41-50	10.9
51 and above	0.0

MEASUREMENT

Transformational Leadership

The measurement of transformational leadership is based on Podsakoff, Mackenzie, and Bommer, 1996; Podsakoff et al., 1990), this variable has six dimensions (articulating a vision, providing appropriate model, fostering the acceptance of group goals, high performance expectations, individualized support, and intellectual stimulation) and 23 questions. An example of the item is “I make others feel good to be around me”. The items were asked on five-point Likert scale from “Not at all” to “Frequently, if not always”. Confirmatory factor analysis was used to show the hierarchical factorial structure (Table 1: $X^2 = 88.21/50$, $p = < 0.001$, RMSEA = 0.05, CFI = 0.925, SRMR = 0.052, TLI = 0.901). The internal reliability of transformational leadership was 0.75.

Knowledge Sharing

The questionnaire was developed by Bock and Kim (2002) used for this study as well. Knowledge sharing has three dimensions (Individual level, Group level, and Organizational level) and 6 questions. The sample item for this as “There is much I could learn from colleagues in my workgroup”. The items were scaled on five-point Likert scale from “Strongly disagree” to “Strongly agree”. In addition,

the confirmatory factor analysis was used for hierarchical factorial structure (Table 2: $\chi^2 = 22.008/8$, $p = 0.005$, RMSEA = 0.07, CFI = 0.960, SRMR = 0.037, TLI = 0.925). The Cronbach's α for knowledge sharing was 0.75.

Organizational Change

Organizational change consists of two dimensions (Planned change and frequent change) and 6 questions. This questionnaire was used by Rafferty, and Griffin, (2006) and also adopted for this study. The sample item for frequent change was as "It is difficult to identify when changes start and end" and for planned change was as "Changes has involved prior preparation and planning by my manager or unit". The five-point Likert scale was used for both planned and frequent change. The planned change was scaled from "Not at all" to "Frequent, if not always" and frequent change was scaled from "Strongly disagree" to "Strongly agree". The confirmatory factor analysis was used to measured the hierarchical factorial structure (Table 2: $\chi^2 = 11.472/6$, $p = 0.005$, RMSEA = 0.056, CFI = 0.983, SRMR = 0.028, TLI = 0.959). The internal consistency of organizational change is 0.74.

Table 2. Fit indices for all variables

Standard Value	T. Leadership	K. Sharing	Org. Change	Whole Model
$\chi^2 / df < 3$	8.21/50	22.008/8	11.472/6	413.634/244
RMSEA < 0.08	0.05	0.07	0.056	0.000
CFI > 0.90	0.925	0.960	0.983	0.99
NFI > 0.90	0.900	0.90	0.90	0.97
TLI > 0.90	0.901	0.925	0.959	0.98
SRMR > 0.90	0.052	0.037	0.028	0.024

Note: T. Leadership = Transformational Leadership; K. Sharing = Knowledge Sharing; Org. Change = Organizational Change.

RESULTS

The hypotheses developed among variables were examined by using the structural equation modeling (SEM) with a Robust Maximum Likelihood estimation method for the study. The Table 3, shows means (M), standard deviation (SD), and the correlations matrix among constructs presented before. The transformational leadership shows a mean average of 3.71 on five-point Likert scale explaining the general exhibit of transformational leadership behavior by having (0.44) standard deviation, knowledge sharing has mean (3.65) with having (0.44) standard deviation, and organizational change has mean (3.55) with standard deviation of (0.56). Furthermore, the correlation value between transformational leadership and knowledge sharing is (0.370***) suggesting significant and positive relationship. This suggests that leaders are more actively involved in sharing knowledge with individuals, groups and organizational level. The correlation value is positive significant between transformational leadership and organizational change which is (0.318***). This implies that transformational leadership is getting more sensitive about the planned and frequent organizational change. The correlation between knowledge sharing behavior of employees and organizational change is (0.603***). This is very strong relationship between the variables, suggesting that individual, group and organizational sharing is might be stronger elements for bringing positive significant change in organization. The explanatory variables were mean centered before estimation. The variance inflation factors (VIFs) were checked for all variables, so none values exceeded the recommended value of 10 (Chatterjee and Price, 1991; Kennedy, 2003). At last, the results indicated that transformational leadership, knowledge sharing and organizational change are positively associated.

The causal structure was posited for testing the proposed relationships in structural equation model (see Figure 2). At the same level the model showed a mediational model, in which knowledge

Table 3. Descriptive statistics and correlation matrix

	Mean	SD	Min	Max	1	2	3
1. Transformational leadership	3.71	0.44	1.42	4.92	----		
2. Knowledge sharing	3.65	0.54	1.50	5.00	0.370***	---	
3. Organizational change	3.55	0.56	1.50	5.00	0.318***	0.603***	---

*** $p < .001$

sharing is assumed as mediator between transformational leadership and organizational change. The variance in the dependent variable and independent variables exists, so the estimated effects are interpreted, while using the model for the study. Meanwhile the result supports some discretion over change by transformational behavior of leaders. The Figure 2 depicted the statistical significant relationships among variables. The lines have numeric values showing the standardized regression coefficients (β), and the explained variances have been written down in brackets.

Four hypotheses have been tested and assessed several fit indices for the overall model fit. The values for model fit were $\chi^2 = 413.634/244$, $p = < 0.00$, RMSEA = 0.000, and CFI = 1. The shown values explain a good model relation between the variables.

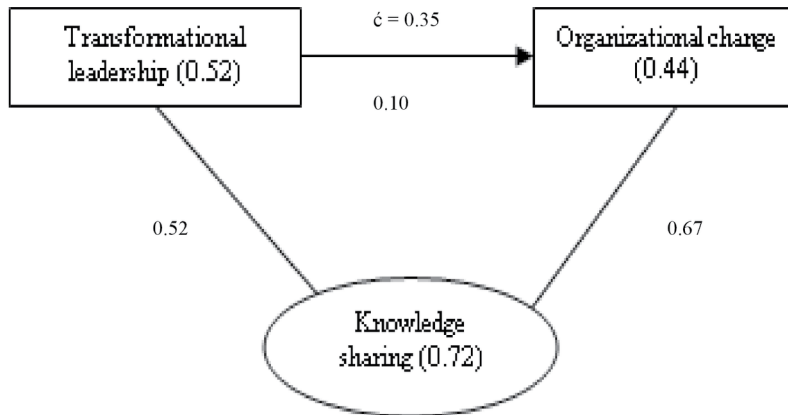
The one of the hypotheses for this study is the association of leaders having transformational behavior with knowledge sharing behavior in the organization. The transformational leadership and knowledge sharing model showed positive and significant relation of $p < 0.000$, and $\beta = 0.52$, and this supports the hypothesis.

The mediating hypothesis: this study proposed the mediating role for transformational leadership and organizational change as the knowledge sharing behavior. We have used the Barron and Kenny (1986) mediation test for this study. This hypothesis 4 shows that knowledge sharing mediates the relationship between organizational change and leader behavior having transformational style. The Figure 2 and table 4 explain that knowledge sharing partially mediates the relationship between transformational behavior of leader and organizational change. Examining the indirect effect of transformational leadership behavior on organizational change, we used the Baron and Kenny (1986) standardized path coefficients as shown earlier. The relationship between leader and organizational change and leader behavior was calculated ($\beta = 0.10$ $p = 0.000$) as shown in given figure 2. The relationship between sharing behavior and change was indicated the value of ($\beta = 0.672$, $p = 0.000$), and all of these relationship values were indicated positive and significant. The indirect effect was calculated by the multiplication of standardized path coefficient of transformational leadership and path coefficient of knowledge sharing behavior. The indirect value was found as to be ($\hat{c} = 0.349$, $p = 0.000$). This result indicates that indirect hypothesis is supported by the data explaining the relation between transformational behavior and organizational change is mediated by knowledge sharing.

Table 4. Direct Effect and Indirect Effect

Hypotheses	Direct Effect	Indirect Effect	Sig.
Trans. L => Know. Sharing	0.52		0.00
Trans. L => Org. Change	0.10		0.00
Know. Sharing => Org. Change	0.672		0.01
Trans. L => Know. Sharing => Organizational Change		0.349**	0.01

Figure 2. Structural Equation Modeling of the Study



DISCUSSION

This study contributes to the importance of transformational leadership and organizational change, because this leadership style motivates employees and engage followers to support the leader's direction. This study identifies individual and group level knowledge sharing for successful organizational change. Transformational leadership style describes the perception of individual's regarding the frequency of change, planning change and the involvement of employees in change. Besides, the first finding of this study is the significance results between transformational leadership and organizational change and were correlated positively. Both frequent change and planned change were spontaneously correlated to leadership behavior. Knowledge sharing has significant importance in individual level and organizational level.

Theoretical Implications

This study has two contributions to the organizational change literature. First, this study sheds light on the question of bringing change in organization beyond the direct linkage of transformational leadership style. This answer has been explained in the study that transformational leadership behavior has a direct impact for bringing the change in organization, but the mechanism is more complicated than just showing the transformational leadership style bringing organizational change.

Second, the knowledge sharing between employees and leaders stimulate for change in organization. In particular, the examination of knowledge sharing as mediator demonstrates that knowledge sharing affects the two level of organization. It is meaningful for multilevel knowledge sharing research in future studies.

Managerial Implications

The telecom industry is the most rapid growing and dynamic in change sector and this research is the first study to investigate the transformational leadership behavior and its effects on organizational change in Pakistan. The study has practical implications for managers. The study of Wang and Howell, (2010), and Li, et al., (2014) analyzed that knowledge sharing is associated positively with the outcomes of the organization. The study results revealed that, not only the managers should encourage the change in organization but also the stakeholders should create the environment of sharing knowledge at each level (individual, group, and organization level) of the organization. There should be flow of information from bottom to up and up to down, which not only maximizes the knowledge of employees but also brings successful change in organization for competition in the market.

CONCLUSION

The leadership and change are important fields of study to be continue for both researchers and practitioners. This study examined knowledge sharing as mediator variable. Knowledge sharing creates the culture of donating and collecting knowledge between top and lower level of employees, and transformational leadership provides supportive behavior for knowledge sharing for enhancing successful change in organization. Therefore; successful organizational change requires supportive behaviors of leaders, and leadership facilitates change, thus change and leadership needs more attention to be investigate closely.

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