



THE EFFECT OF THE LEADERSHIP STYLES ON THE EMPLOYEE READINESS TO CHANGE: EMPIRICAL EVIDENCE FROM YEMENI PUBLIC SECTOR

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ABSTRACT

The purpose of this paper is to empirically examine the effect of the Leadership Styles, Transformational Leadership Style and Transactional Leadership Style, on the Employee Readiness to Change in the public sector in Yemen. The results of this study were based on the sample of 387 questionnaires used for the final analysis collected from the employees of Yemeni public sector using a self-administered method. The partial least square structural equation Modeling, Smart PLS 3.0 was employed in analyzing the data of the study. The results showed that Transformational Leadership Style is significantly associated with Employee Readiness to Change while Transactional Leadership Style is otherwise. The current study provides valuable explanations about the determinants of Readiness to Change for the policy makers, public sector leaders and academicians.

Key Words: leadership styles, public sector, Yemen

1. Introduction

In a turbulent and changing business environment, change is a requisite and even a norm to keep the organizations sustainable and competitive (Herold&Fedor, 2008; Mangundjaya, 2013). According to Gelaidan, Al-Swidi and Mabkhot (2016), factors outside of the organization for instance globalization, business change, changing trends in the economy, and advances in technology are factors prompt establishments to respond to be effective and their ability to compete effectively in the marketplace as well as to meet up with public expectations. In an organization, change is the transition from the present state to a desired level. Systematic or

explicit approaches to change are required when some aspects of the organization are seen not to be appropriate in meeting demands (Chen, 2007).

Therefore, change has become one of most crucial challenges for both organizations and their leaders to increase organizational effectiveness and employee well-being. Literature review revealed that there are many factors that influence the organizational change effectiveness including context, content, process, and individual characteristic (Holt, Armenakis, Feild, & Harris, 2007). However, the success of change is mainly influenced by individuals' attitudes and reactions towards the process of change (Mangundjaya, 2013). Moreover, a review of literature revealed that leadership styles, Transformational Leadership Style and Transactional Leadership Style, are significant predictors of Employee Readiness to Change (Lyons, Swindler & Offner, 2009; Reid, 2011, AL-Abrow & Abrishamkar 2013). However, examining the link between both leadership styles, Transformational Leadership Style and Transactional Leadership Style, remains uncovered. Accordingly, the current study is one of a very few studies in the domain of change management to test the effect of leadership styles on employee readiness to change (Gelaidan & Ahmed, 2013). Therefore, the present study attempts to examine the effect of Leadership Styles on the Employee Readiness to Change in the context of public sector in Yemen.

2. Literature Review

2.1 The Concept Readiness to change

Change is a way of redesigning work related elements comprising of administrative goals, or its policies or styles, so as to address some organizational problems or to implement better, stronger and more efficient organizational practice, or to seek equilibrium between the organization and the environmental influence on it. It is expected that organizations reacts swiftly to environmental demand regardless of their nature of business so as to fulfil their consumers' needs (Burke, 2002; Michaelis, Stegmaier & Sonntag, 2009; Westover, 2010).

Herold, Fedor, Caldwell, and Liu (2008) argued that if an organization does not carry out daily change, it will not be able to maintain its position in the marketplace. Thus, change is essential for maintaining organizational validity and accessibility. Martins (2008) supported this view and indicated that change has turned out to be a significant obstacle not only at the organizational level but also at the individual level, including for leaders. Furthermore, a thorough review of past research shows that the focus of organizational change research has been on organizational factors, while individual factors such as readiness for change have been greatly neglected (Vakola et al., 2004).

2.2 The Concept of Transformational Leadership

According to Burns (1978) Transformational Leadership can be seen as a way to raise an organization's need for change to a higher level of motivation and development. He also described transformational leaders as ordinary agents, able to empower subordinates to create a mission, completeness and collect goals in the process of its implementation. This style of leadership can enhance employee commitment to change. Bass (1990) identified that transformational leadership focuses on the behaviour of employees that may affect their behaviour towards the organisation as it can change the essential values, beliefs and attitudes of the subordinates.

Tichy and Devanna (1986) stated that transformational styles of leadership can be a catalyst in a changing operation process; where leaders can develop the acceptance and awareness level of the change among their subordinates. Therefore, due to the advantages of transformational leadership, application of this type of leadership should be an important goal in organizations.

2.3 Transactional Leadership and Readiness to change

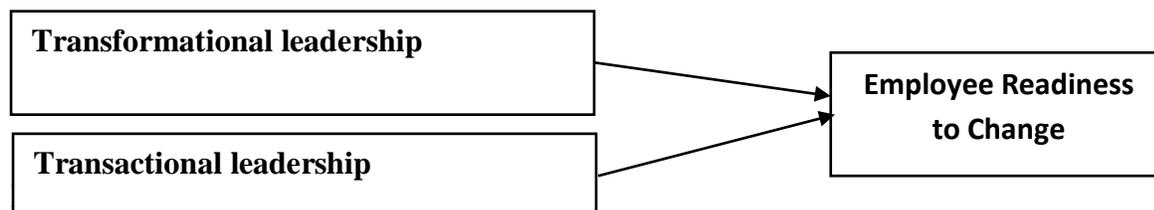
Transactional leadership ensures that behaviour is concentrated on a give and take process in which leader gives rewards or punishments to subordinates based on their efforts and performance (Burns, 1978). It can be viewed as leaders who focus on completing tasks and achieving expectations; usually they pay little attention to the needs of the organisation (Avolio, 1999). According to Bryant (2003), there are three characteristics of transactional leadership. Firstly, transactional leaders work with subordinates and try to attain goals. Secondly, they exchange these rewards for work effort. Lastly, leaders are sensitive to the self-interests of subordinates. In addition, they involve a transaction or an exchange, which is an essential element between leaders and subordinates.

Bass (1985) declared that transactional leadership involves behaviours like monitoring performance, providing contingent material rewards, and providing contingent personal rewards, so that tasks are completed as expected. Some arguable issues are that to achieve effective organisational change leaders need more than charisma; they must also display transactional behaviours, for example clarifying goals, setting up performance measures and applying rewards and punishments (Nadler & Tushman, 1990). Therefore, transactional leadership is strongly related to the concept of exchange between a leader and subordinates.

2.4 2.4 Research Framework and Hypotheses Development

The research framework of the study is underpinned by the Lewin's Three-Steps Change model (1951), which depends mainly on three steps. According to Lewin's model, the first step in Lewin's change model is unfreezing which is very crucial to the other two steps to undergo with

success change. Unfreezing, changing readiness, is to create new conception for people before beginning with change by getting old behaviour eradicated first. The employees within organisations should be prepared well for the change and ideally become supporters for this change. The second step is movement or change which is associated with the change implantation process where employees adopt the new ways of operating. The third step is refreezing, which is an essential step for the change sustainability. The current study aims at examining the effect of leadership styles on employee readiness to change. In the present study, both leadership styles namely transformational leadership and transactional leadership as the two main constructs constitute the independent variables on the relationship between leadership styles and employee readiness to change. Figure 1 explains the relationships among the variables that represent the theoretical framework of the study.



It is argued that leadership behaviour is regarded as one of the main constructs to enhance the attitudes of the followers towards obtaining the organizational goals (Gelaidan et al. 2016). This ensures that the leaders are able to direct and form the attitudes of the employees to improve the performance of organization through making them ready for the change process and inspiring them to support it. Moreover, trust in management is a necessary condition to minimize the resistance to change among the employees (Vakola, 2014; Coyle-Shapiro & Morrow, 2003). Empirically, both leadership styles, transformational leadership style and transactional leadership style, have been reported to be significant predictors of employee readiness to change (Lyons, *et al.*, 2009; Reid, 2011, AL-Abrow&Abrishamkar 2013). Based on the previous discussions, this study suggests the following hypotheses,

H1: Transformational leadership style has a significant effect on employee readiness to change.

H2: Transactional leadership style has a significant effect on employee readiness to change.

3. Methodology

To examine the research framework of the study, across-sectional design was employed which involves collecting data through a survey questionnaire only once to achieve the objectives of the study (Sekaran&Bougie, 2010).The target population of the current study was the employees in the Yemeni public sector particularly Finance Ministry, Education Ministry, Health Ministry and Public Work and Highway Ministry. They also argued that the random sampling technique was

used because it has the least bias and offers the most generalization, where every element has an equal chance of being selected as a subject from the population. A total number of 768 questionnaires were distributed to the target respondents. Out of these 401 questionnaires were returned and after data screening only 387 questionnaires were used for the analysis. The measurements of the research framework constructs of the study were extracted from the previous studies of Holt et al. (2007), Avolio and Bass (2004) and Herscovitch and Meyer (2002). A number of 25 questions used to measure employee readiness to change, 32 questions to measure leadership styles which are called transformational and transactional leadership.

4. Results

4.1 Descriptive analysis

A descriptive analysis in the form of minimum, maximum, mean and standard deviations were computed for the latent variables of the study to facilitate an understanding of the data. The outcomes of the descriptive analysis were utilized to explain the perceived level of Transformational leadership style (TFL), Transactional leadership style (TAL) and Employee Readiness to Change (ERC) among the employees of public sector in Yemen. The current study employed a Five-Likert scale to measure the constructs, this scale anchored by the value of 1 representing strongly disagree to the value of 5 representing strongly agree. The results shown in Table 1 indicated that the mean values of the dimensions of the constructs ranged between 4.027 and 2.099 which suggesting that all the dimensions were in the high and moderate level except Personally Beneficial (PEB) dimension, which was in the low level.

Table 1

Descriptive Statistics of the Constructs (N=387)

Construct	Dimension	N	Minimum	Maximum	Mean	Std. Deviation
Transformational leadership	IDI	387	1.00	5.00	2.778	.941
	INM	387	1.00	5.00	2.951	.812
	INS	387	1.00	5.00	2.766	.950
	INC	387	1.00	5.00	2.666	.912
Transactional leadership	COR	387	1.00	5.00	2.763	.962
	MEP	387	1.00	5.00	3.105	.938
	MEA	387	1.00	5.00	2.746	.815
Employee readiness to Change	APP	387	1.00	5.00	4.027	.657
	MAS	387	1.00	5.00	2.717	.970
	CHE	387	1.00	5.00	3.600	.638
	PEB	387	1.00	5.00	2.099	.892

IDI= Idealised influence, INM= Inspirational Motivation, INS= Intellectual Stimulation, INC= Individualised Consideration, COR= Contingent Reward, MEP= Management by Exception Passive, MEA= Management by Exception Active, APP= Appropriateness, MAS= Management Support, CHE= Change Efficacy, PEB= Personally Beneficial.

4.2 Reliability and Validity

To confirm the content validity, the factor loadings of constructs items were tested to ensure that all the items have higher loadings on their respective constructs. In addition, all the items loadings were greater than 0.70 which establish the content validity as recommended by Hair, Black, Babin and Andersen (2010). With regard to convergent validity, the internal consistency reliability, the composite reliability (CR), Cronbach's alpha indicators and the Average Variance Extracted (AVE) were examined. According to Hair, Ringle and Sarstedt (2011) and Valerie (2012), the values of both CR and Cronbach's alpha should be higher than 0.70 while the value of AVE should be greater than 0.50. Table 1 shows that all the values exceeded the cut-off points that confirmed the validity and reliability of the study constructs. Similarly, that the discriminant validity was established as the results shown in Table 2 indicate that all the square root of the AVE values exceeded the correlations of each latent construct in the study model.

Table 1
Content and Convergent validity

Construct	Items	Loadings	Cronbach's Alpha	CR ^a	AVE ^b
Appropriateness	APP1	0.737	0.952	0.960	0.751
	APP2	0.820			
	APP3	0.936			
	APP4	0.884			
	APP5	0.917			
	APP6	0.923			
	APP7	0.828			
	APP8	0.870			
Change Efficacy	CHE3	0.787	0.880	0.918	0.737
	CHE4	0.904			
	CHE5	0.875			
	CHE6	0.864			
Contingent Reward	COR1	0.886	0.883	0.920	0.741
	COR2	0.866			
	COR3	0.869			
	COR4	0.820			
Idealised influence	IDI2	0.791	0.915	0.932	0.664
	IDI3	0.849			
	IDI4	0.802			
	IDI5	0.878			
	IDI6	0.771			
	IDI7	0.852			
Individualised Consideration	INC1	0.845	0.799	0.882	0.714
	INC3	0.356			
	INC4	0.801			

Inspirational Motivation	INM1	0.869	0.889	0.923	0.751
	INM2	0.879			
	INM3	0.864			
	INM4	0.853			
Intellectual Stimulation	INS1	0.776	0.806	0.873	0.633
	INS2	0.830			
	INS3	0.730			
	INS4	0.842			
Management Support	MAS1	0.832	0.942	0.954	0.777
	MAS2	0.882			
	MAS3	0.835			
	MAS4	0.904			
	MAS5	0.920			
	MAS6	0.910			
Management by exception active	MEA2	0.811	0.750	0.857	0.667
	MEA3	0.804			
	MEA4	0.834			
Management by exception passive	MEP2	0.832	0.791	0.878	0.706
	MEP3	0.887			
	MEP4	0.798			
Personally Beneficial	PEB1	0.873	0.790	0.867	0.685
	PEB2	0.839			
	PEB3	0.768			

Table 2 Discriminant Validity

	APP	CHE	COR	IDI	INC	INM	INS	MAS	MEA	MEP	PEB
APP	0.867										
CHE	0.814	0.859									
COR	-0.076	-0.071	0.861								
IDI	0.187	0.140	0.651	0.815							
INC	-0.114	-0.122	0.803	0.641	0.845						
INM	0.131	0.100	0.694	0.714	0.680	0.866					
INS	-0.001	-0.033	0.734	0.694	0.782	0.747	0.796				
MAS	0.199	0.191	0.616	0.624	0.563	0.581	0.531	0.881			
MEA	0.035	0.037	0.567	0.378	0.504	0.432	0.463	0.417	0.817		
MEP	0.004	0.029	0.127	0.067	0.013	0.144	0.014	0.040	0.401	0.840	
PEB	-0.034	-0.042	0.084	0.087	0.081	0.130	0.061	0.381	0.204	0.093	0.828

APP= Appropriateness, CHE= Change Efficacy, COR= Contingent Reward, IDI= Idealised influence, INC= Individualised Consideration, INM= Inspirational Motivation, INS= Intellectual Stimulation, MAS= Management Support, MEA= Management by Exception Active, MEP= Management by Exception Passive, PEB= Personally Beneficial.

4.3 Hypotheses Testing Results

Upon confirming the reliability and validity of the study constructs, the next step was to test the hypothesized relationships among the variables. The results in Table 3 show that Transformational Leadership Style is significantly related to employee readiness to change at the *0.001 significance* level ($\beta = 0.349$, $t = 5.446$, $p < 0.001$) which supports H1. However, Transactional Leadership Style is not significantly related to employee readiness to change ($\beta = -0.084$, $t = 1.3915$, $p > 0.10$) which does not support H2.

Table 3: Hypothesis testing results

No.	Hypothesis Path	Path Coefficient	Standard Error	T Value	P Value	Decision
H1	TFL -> ERC	0.349	0.064	5.446	0.000	Supported
H2	TAL -> ERC	-0.084	0.060	1.391	0.165	Not Supported

5. Conclusion

The current study carried out to examine the effect of leadership styles, Transformational leadership Style and Transactional leadership Style, on the employee readiness to change in context of public sector in Yemen. The results of the study confirmed the significant effect of Transformational leadership Style on employee readiness to change. This result is consistent with previous scholars found in the literature such as (Lyons, *et al.*, 2009; Reid, 2011, AL-Abrow & Abrishamkar 2013). However, the result concluded that the effect of Transactional leadership Style on employee readiness to change was not confirmed. This result is not in line with the results of Lyons, *et al.* (2009), Reid (2011) and AL-Abrow and Abrishamkar (2013). This involves that the policymakers and other officials of public sectors to enhance the employee readiness to change by implementing the transformational leadership practices. Although the direct effect of transactional leadership style was not confirmed on employee readiness to change, it may there is an indirect effect through mediators or there are moderators that can strengthen this relationship. This opens the door or more researches in the area of change management which may bring to the literature new insights. It can be carried out in other contexts which may provide different insights about the link between leadership styles and employee readiness. Moreover, a longitudinal method can be employed and different unit analysis.

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