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TRANSFORMATIONAL LEADERSHIP STYLE AND ITS RELATIONSHIP WITH CHANGE MANAGEMENT

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Abstract. Transformational leadership is considered one of the main leadership styles that influence organizational and individual outcomes to achieve competitive advantage. This study aims to identify the relationship between some dimensions of transformational leadership namely: Idealized Influence, Inspirational motivation, Intellectual stimulation and empowerment, and change management in Jordanian Insurance companies. A questionnaire was developed to investigate the dimensions of the study and was applied to a sample that consisted of 500 respondents. SPSS package was utilized to analyze the quantitative data. The study has concluded that the dimensions of the transformational leadership (Idealized Influence, Inspirational motivation, Intellectual stimulation and Empowerment) and change management are available in Jordanian Insurance companies. The study contributes by recommending organizations to conduct and organize training courses to enhance the capability of the workers by promoting empowerment's behaviors, also taking into account the individual differences between the employees, particularly in assigning work and tasks.

Keywords: transformational leadership, change management, insurance companies, Jordan.

JEL Classification: L22.

Introduction

Nowadays, change and managing it successfully has become at the top priorities of business organizations whatsoever their activities, for reasons such that organizations live in a state of accelerated developments and high turnovers. Moreover, change occurs everywhere with an increasing and complex rate so that leadership and change might have become of the big challenges facing modern organizations. However, many researchers have agreed that the subject of effective leadership strategy is a continuously updated (Michael 2008). Thus, organization did not rely heavily on mangers, but it require the existence of leaders' ability to convince individuals in their organization's vision and mission to make the right change (Marai 2008).

The ability to deal with change effectively requires a leadership behavior to be coincided with the work of the organization that is called by Burns (1978) transformational leadership. Recently, this subject has occupied the interest of the researchers as the concept of transformational leadership has become a basic element in modern organizations.

This study pursues to highlight the level of adopting transformational leadership dimensions and its relationship with change management in Jordanian insurance companies.

1. Statement of problem

Insurance companies, like other business organizations, experience rapid development and continuous change, which needs to reconsider traditional leadership styles and replacing them with modern leadership styles such as transformational leadership.

Despite the importance of the subject of transformational leadership, studies in this sector in Jordan are still limited; moreover, the researcher noticed that the adoption of the pattern of transformational leadership in Jordanian insurance companies is still weak. For this reason, convincing insurance companies in Jordan to increase the level of

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adopting this leadership styles, can be achieved by investigating its relationship with the effective change management that influence these organization positively. Hence, the problem of the study could be represented by the following question:

- What is the relationship between transformational leadership and change management in Jordanian insurance companies?

2. The importance of the study

- The subject of the study transformational leadership – is considered one of the most important topics that have been and still interesting to scholars and researchers in the field of management.
- 2. The link between transformational leadership to change management is very crucial subject due to the continuous changing nature of business organizations.
- 3. Trying to draw the attention of business organizations in general and insurance companies in particular to the need to identify the relationship between transformational leadership and change management.
- 4. This study may contribute to adding some knowledge to researchers and practitioners in business.

3. The objectives of the study

1. To identify the level of adopting the dimensions of transformational leadership (Idealized Influence,

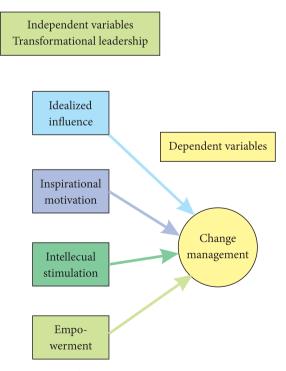


Figure 1. Model of study

Inspirational motivation, Intellectual stimulation and Empowerment) in Jordanian insurance companies.

2. To identify the nature of the correlation between the dimensions of transformational leadership and change management.

4. Study hypotheses

H01: There is no statistically significant relationship at $\alpha = 0.05$ between Idealized Influence and change management in Jordanian insurance companies.

H02: There is no statistically significant relationship at $\alpha = 0.05$ between Inspirational motivation and change management in Jordanian insurance companies.

H03: There is no statistically significant relationship at $\alpha = 0.05$ between Intellectual stimulation and change management in Jordanian insurance companies.

H04: There is no statistically significant relationship at $\alpha = 0.05$ between Empowerment and change management in Jordanian insurance companies.

5. Model of the study

Based on the hypotheses presented above, the hypothesised model of study is illustrated as follows in Figure 1.

6. Theoretical definitions

- Transformational leadership: the leadership style in which Leaders Inspire followers to transcend their own self-interests for the benefit of the organization; leaders can have a profound and desirable effect on followers to make the required change (Robbins 2003: 253).
- Idealized Influence: the ability of the leader to gain the respect and the admiration of his followers so that the followers imitate the leaders (Barbuto and Burbach 2006).
- Inspirational motivation: The transformational leader should work to increase the optimism, enthusiasm and attention of the followers (Al-Jaroudi 2010: 106).
- Intellectual stimulation: raising and upgrading employees to make them more aware, innovative and creative (Krishnan 1998).
- Empowerment: delegation of employees to enable them to respond directly to customer requests and problems (Avolio et al. 1999: 455).
- Change Management: using the best ways to effect change in stages in order to achieve organizational objectives identified by the responsibilities defined by the intended change (Bilal 2004).

7. Theoretical framework and previous studies

7.1. Theoretical framework and variables of the study

Organizations seek in the light of the rapid changes to maintain their survival and sustainability that requires reflection on its methods of leadership. Without conscious leaders who is aware of the size of the challenges and the complexity of the administrative processes, it is necessary to find leadership methods capable of keeping abreast of developments. The most famous method of those is transformational leadership (Najm 2011: 15).

7.2. Transformational leadership

The transformational leadership that is needed today, it has the potential to inspire subordinates to do their best, develop their skills so as to deliver those subordinates to advanced intellectual levels. The transformational leader is able to urge his followers to achieve more than the expected. Conger (2002) views transformational leadership as the leadership that goes beyond incentives for performance, to develop and encourage workers intellectually and creatively, as well as to transform their own concerns into an essential part of the organization's mission. It is defined by Trofino (2000) as the kind of leadership that sets a clear vision for their organizations. Kirkan (2011) noted that transformational leadership is a leadership pattern used by leaders to change the current situation by identifying those who follow the organization's problems through inspiration, persuasion, and excitement to achieve a high level of clear vision for the purpose of recognizing common goals.

According to Ghadi et al. (2013), transformational leadership involves four sub-dimensions. Firstly, idealized influence refers to leaders' ability to increase level of loyalty, dedication and identification without focusing on the self interest. Secondly, inspirational motivation refers to leaders ability creates a vision that impact subordinates to make them play a vital role within the organization. Thirdly, intellectual stimulation refers the ability of leaders to give employees indications to be innovative and being a risk taker. Finally, empowerment, leaders here coordinate with subordinates or act as a top-down motivator for authority. This is accomplished by giving subordinates the authority to make decisions and deliver them.

7.3. Change management

Recently, change management is considers one of the most important challenges that face the management leadership, which required crucial planning and providing resources to cope with the both internal and external variations in business environment and to find suitable solutions.

Tuchman and Anderson defined change management as the process that involves moving the organization from its present situation to another desirable situation during a transitional period. Managing change efforts shows the need to find dissatisfaction at the present situation. In order to obtain a serious desire for future situation, organizations need to build a clear strategy to achieve its vision (Kotler 1997). Change is a fundamental trait of transformational leadership, as in the current leadership literature, transformational change is based on the change that will be made in the behavior and attitudes of followers (Bass 1985).

7.4. Previous studies

Many studies have investigated the subject of Transformational Leadership; Abu-Ruman (2016) studied the impact of transformational leadership in preparedness to crisis management within the Arab Potash Company and the Jordan Phosphate Mines Company. The results of this study have shown that the level of exercising the dimensions of transformational leadership fall within the average, and the researcher recommended encouraging top management at the Arab Potash and the Jordan Phosphate companies to adopt the transformational leadership pattern with its dimensions.

Para-González et al. (2018) investigated the possible mediating mechanisms (HRM, learning and innovation) that could exist in the relationship between transformational leadership and organizational performance. This topic has been studied only by a few groups of researchers and these researchers have not analyzed all these concepts jointly. This research explores these relationships using Partial Least Squares with data from 200 Spanish industrial companies. Analyzing the mentioned relationships in the Spanish context has been done by few researchers before. This study reveals that the adoption of transformational leadership styles improves performance when specific systems of HRM practices, learning and innovation are developed in an organization. This study, therefore, contributes to the understanding of the link between transformational leaders and performance by proposing a model in which it is evinced that this leadership style produces synergies between HRM, learning and innovation, which in the end, affect performance.

Boamah et al. (2017) investigated the effects of nurse managers' transformational leadership behaviors on job satisfaction and patient safety outcomes. A random sample of acute care nurses in Ontario (N = 378) completed the cross-sectional survey. Hypothesized model was tested using structural equation modeling. The model fit the data acceptably. Transformational leadership had a strong positive influence on workplace empowerment, which in turn increased nurses' job satisfaction and decreased the frequency of adverse patient outcomes. Subsequently, job satisfaction was related to lower adverse events. The findings provide support for managers' use of transformational leadership behaviors as a useful strategy in creating workplace conditions that promote better safety outcomes for patients and nurses.

Al-Jeditawi (2014) clarified the impact of Transformational Leadership of the presidents of Jordanian Universities in the satisfaction of the deans and department Chairmen at Jordanian Universities; the study found that the practice of transformational leadership was medium.

Ghadi et al. (2013) reports the findings of a study examining the relationship between transformational leadership and work engagement through the mediating role of meaning in work. The results of their study structural equation modelling reveal that the transformational leadership style influences followers' attributes of work engagement. The direct relationship between transformational leadership and work engagement was found to be partially mediated by employees' perceptions of meaning in work. The relationship between transformational leadership style, perceptions of meaning in work and work engagement were explored theoretically and tested empirically in an Australian context.

Majali (2014) aimed to identify the impact of Transformational Leadership in the performance of industrial Jordanian companies with entrepreneurial orientation as a mediating variable, which concluded similar result to the latter study as the practice of Transformational Leadership was medium.

On the other extreme, Al-Fattih (2013), investigated the relationship of transformational leadership with organizational learning in the Saudi security services, concluded that the leadership behavior is positively existed, whereas, a positive relationship between transformational leadership and organizational learning was found.

In terms of the relationship with change management, several previous studies covered this subject such as, Al-Belbesi study (2012) who identified the leadership styles and their relationship to change management in Jordanian limited public shareholding companies, the study highlighted that administrative leadership plays an essential role in achieving the objectives of the companies; moreover, the goals of change are affected by different Leadership styles.

Ramadan (2005) conducted a study entitled "Managing change in organizational development, studying the reality of the change management process in Syrian organizations". The study concluded that business organizations vary in terms of adopting change management process models and the administrative accountability process for planning of organizational change is weak in the Syrian organizations.

Peach et al. (2005) study aimed to determine the degree of employees' readiness to change using the theory of planned behavior, the study indicated that staff who gave effective information about change had shown great interest in supporting the process of change.

While Al-Arabi (2006) made a field study about the role of organizational change in the development of innovation

in civic organizations from the point of view of workers in the Algerian Telecommunications organizations. It founds that the overall average of the organizational change among the surveyed companies was high, and the process of organizational change has a positive role.

8. Study methodology

The researcher adopted the descriptive analytical approach in addition to using resources of data collection that are as follow:

- 1. Secondary resources: Which is in the relevant books, references, periodicals, research papers and previous studies.
- 2. Primary sources: using a questionnaire as a main instrument for data collection.

The study population consisted of all employees in the Jordanian insurance companies that is (500) employees. The researcher did not use sample technique as the questionnaires were distributed to the entire population. The number of returned questionnaires was 475 that represents 95% of allocated questionnaires; eight copies were excluded due to their lack of validity for analysis. Thus, the number of copies analyzed was (467) (93%) of the total distributed copies, which is considered to be acceptable for statistical analysis.

The instrument of the study comprised two variables: transformational leadership and change management. The items of the questionnaire were distributed as follows:

- Idealized Influence: 5 items;
- Inspirational motivation: 5 items;
- Intellectual stimulation: 5 items;
- Empowerment: 5 items;
- Change management: 7 items.

Likert 5-point scale was implemented for evaluation of the responses rating from strongly agrees to strongly disagree. The evaluation was based on the ranges illustrate in Table 1 below.

Level	Arithmetic Average	
Low	≤2.33	
Moderate	\geq 2.33 and \leq 3.66	
High	≥3.66	

Table 1. 5-point Likert scale response levels

9. Statistical methods used

Kolmogorov–Smirnov test (K–S test): is used to check whether data follow normal distribution assumptions. Table 2 demonstrates that the Sig. value for all dimensions of the study was greater the significance, which indicated that data of these dimensions are normally distributed.

Instrument Validity: the questionnaire has been presented to a number of arbitrators in Statisticians and Business Administration, and their suggestions were taken into consideration so that the questionnaire could be modified accordingly.

Instrument Reliability: Cronbach's alpha coefficient test was used to measure the internal reliability of the questionnaire. Table 3 shows that the reliability of all questionnaire's items was 0.942, which means that the coefficients of reliability and consistency are high.

Table 4 shows the arithmetic average and Sig. value of the t-test of change management variable.

It is obvious from the table above that the arithmetic average of change management variable is equal 3.72 and the calculated t-value equal 37.66, the Sig. value equal 0.00, so the change management variable is statistically significant at $\alpha = 0.05$ indicating that the elements of change management are highly available in Jordanian insurance companies.

Table 2. The results of Normality Test

Serial	Dimension	Sig.
1	Idealized Influence	0.551
2	Inspirational moti- vation	0.565
3	Intellectual stimu- lation	0.385
4	Empowerment	0.420
5	Change manage- ment	0.705

Table 3. Cronbach's Alpha Reliability Test	
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No.	Dimension	Coefficient [*]
1	Idealized Influence	0.931
2	Inspirational moti- vation	0.904
3	Intellectual stimu- lation	0.912
4	Empowerment	0.941
5	Change manage- ment	0.928
	All dimensions	0.942

Table 4. T-test (Change Management Variable)

Arithmetic Average	Standard Deviation	t-test value	Sig.
3.72	0.46	37.66	0.000^{*}
*The Arithmetic average is statistically significant at $\alpha = 0.05$			

Table 5. T-test (Idealized Influence Dimension)

Arithmetic Average	Standard Deviation	t-test value	Sig.
3.38	0.72	12.60	0.000^{*}
*The Arithmetic average is statistically significant at $\alpha = 0.05$			

The first Hypothesis (H01): There is no statistically significant relationship at $\alpha = 0.05$ between Idealized Influence and change management in Jordanian insurance companies.

It is obvious from table 5 above that the arithmetic average of change management variable is equal 3.38 and the calculated t-value equal 12.60 and the Sig. value equal 0.00, so the Idealized Influence variable is statistically significant at $\alpha = 0.05$ which coincide with the results of (Abu-Ruman 2016). This indicated that the Idealized Influence is moderately in place.

From table 6 above one could concludes that there is a statistically significant correlation at $\alpha = 0.05$ between Idealized Influence and change management in Jordanian Insurance Companies. Therefore the null hypothesis is rejected as the relationship between Idealized Influence and change management is existed in Jordanian insurance companies

The second Hypothesis (H02): There is no statistically significant relationship at $\alpha = 0.05$ between Inspirational motivation and change management in Jordanian insurance companies.

It is obvious from table 7 that the arithmetic average of Inspirational motivation variable is equal 3.35 and the calculated t-value equal 12.05 and the Sig. value equal 0.00, so the Inspirational motivation variable is statistically significant at $\alpha = 0.05$ which coincide with the results of (Al-Jeditawi 2014). This shows that the Inspirational motivation is moderately existed.

As shown in Table 8, the correlation coefficient equals 0.307 and Sig. value equals 0.000, so one could concludes that there is a statistically significant correlation at $\alpha = 0.05$

Table 6. Correlation coefficient between idealized influence and change management

Dimension	Pearson's Correlation Coefficient	Sig.
Idealized Influence	dealized Influence 0.302	
*The Correlation is statistically significant at $\alpha = 0.05$		

Table 7. T-test (Inspirational motivation Dimension)

Arithmetic Average	Standard Deviation	t-test value	Sig.
3.35	0.70	12.05	0.000^{*}
*The Arithmetic average is statistically significant at $\alpha = 0.05$			ant at $\alpha = 0.05$

Table 8. Correlation coefficient between inspirational motivation and change management

Dimension	Pearson's Correlation Coefficient	Sig.	
Inspirational motivation	0.307	0.000*	
*The Correlation is statistically significant at $\alpha = 0.05$			

between Inspirational motivation and change management in Jordanian Insurance Companies. Thus, the null hypothesis is rejected due to the existence of the relationship between Inspirational motivation and change management is existed in Jordanian insurance companies.

The third Hypothesis (H03): There is no statistically significant relationship at $\alpha = 0.05$ between Intellectual stimulation and change management in Jordanian insurance companies.

Table 9. T-test (Intellectual stimulation Dimension)

	Arithmetic Average	Standard Deviation	t-test value	Sig.
	3.23	0.75	7.47	0.000^{*}
*The Arithmetic average is statistically significant at $\alpha = 0.0$			cant at $\alpha = 0.05$	

Table 10. Correlation coefficient between intellectual stimulation and change management

Dimension	Pearson's Correlation Coefficient	Sig.
Intellectual stimulation	3.20	0.000*
*The Correlation is statistically significant at $\alpha = 0.05$		

Table 11. T-test (Empowerment Dimension)

	Arithmetic Average	Standard Deviation	t-test value	Sig.
	3.15	0.97	4.84	0.000^{*}
*The Arithmetic average is statistically significant at $\alpha = 0.0$			ant at $\alpha = 0.05$	

Table 12. Correlation coefficient between empowerment and change management

Dimension	Pearson's Correlation Coefficient	Sig.			
Empowerment	0.276	0.000^{*}			
*The Correlation is statistically significant at $\alpha = 0.05$					

Table 13. T-test (Transformational Leadership – All items)

	Arithmetic Average	Standard Deviation	t-test value	Sig.	
	3.38	0.66	10.40	0.000^{*}	
ſ	*The Arithmetic average is statistically significant at $\alpha = 0.0$				

Table 14. Correlation Coefficient between All Dimensions and change management

Dimension	Pearson's Correlation Coefficient	Sig.		
All Dimensions	0.336	0.000^{*}		
*The Correlation is statistically significant at $\alpha = 0.05$				

From Table 9, the calculated t-value equal 7.47 and the Sig. value equal 0.00, so the Intellectual stimulation variable is statistically significant at $\alpha = 0.05$ which is in line with the results of (Majali 2014), which implies the moderate level of adopting this dimension.

From table 10, one could concludes that there is a statistically significant correlation at $\alpha = 0.05$ between Intellectual stimulation and change management in Jordanian Insurance Companies. Hence, the null hypothesis is rejected due to the existence of the relationship between Intellectual stimulation and change management is existed in Jordanian insurance companies.

The fourth Hypothesis (H04): There is no statistically significant relationship at $\alpha = 0.05$ between Empowerment and change management in Jordanian insurance companies.

It is obvious from the table 11 that the arithmetic average of change management variable is equal 3.15 and the calculated t-value equal 4.84 and the Sig. value equal 0.00, so the Empowerment variable is statistically significant at α = 0.05 which coincide with the results of (Al-Jeditawi 2014) that illustrate moderate existence of the Empowerment dimension.

From table 12, one could concludes that there is a statistically significant correlation at $\alpha = 0.05$ between Empowerment and change management in Jordanian Insurance Companies. Thus, the null hypothesis is rejected due to the existence of the relationship between the Empowerment and change management is existed in Jordanian insurance companies.

- What is the relationship between transformational leadership and change management at Jordanian Insurance Companies?

There is a statistically significant relationship at $\alpha = 0.05$ between (Idealized Influence, Inspirational motivation, Intellectual stimulation and Empowerment) and Change Management in Jordanian Insurance companies.

It is obvious from table 13 above that the arithmetic average of all items of the questionnaire is equal 3.38 and the calculated t-value equal 10.40 and the Sig. value equal 0.00, so all items of the questionnaire are statistically significant at $\alpha = 0.05$ which coincide with the results of (Al-Belbesi 2012). These results indicated that the overall adoption of transformational leadership was moderate.

From table 14 above one could concludes that there is a statistically significant positive correlation at $\alpha = 0.05$ between all dimensions of transformational leadership and change management in Jordanian Insurance Companies.

Conclusions

 The study found that the arithmetic average of change management reached (3.72) that indicate it is available in Jordanian insurance companies to cope with the rapid changes in the business environment for a better situation.

- The study showed that the arithmetic average of the Idealized Influence dimension was 3.38, which indicates the moderate availability of this dimension, which shows that the administrative leadership of the Jordanian insurance companies is characterized by medium personality and professionalism, and that the relationship between management leaders and employees is characterized by trust and honesty to moderate extent.
- The study concluded that the arithmetic average of the dimension of the Inspirational motivation reached 3.35, which indicates the moderate existence of this dimension, as the administrative leaders seek to keep pace with the change and the development of strategic plans, and that the administrative leadership works to motivate the employees and their excellence.
- The study concluded that the arithmetic average of the Intellectual stimulation dimension reached (3.23). This confirms the moderate availability of this dimension in the Jordanian insurance companies as the administrative leaders search new ideas to solve problems and encourage the employees to think creatively.
- The study concluded that the arithmetic average of the empowerment dimension reached (3.15). This confirms the moderate level of adopting this dimension in the Jordanian insurance companies as the administrative leaders pay attention to subordinates without discrimination and care for their needs.
- Idealized Influence dimension occupied the first rank as the availability of its characteristics with an arithmetic average of (3.38), followed by Inspirational motivation with an arithmetic average of (3.35) then the dimension of Intellectual stimulation with an arithmetic average of (3.23). The last rank was occupied by the dimension of Empowerment with an arithmetic average of (3.15).
- The study showed that the correlation coefficient between all dimensions of transformational leadership (Idealized Influence, Inspirational motivation, Intellectual stimulation and Empowerment) and change management in Jordanian insurance companies has reached (0.336) Sig. value (0.000) at $\alpha = 0.05$, i.e., hence, there is a statistically significant relationship between them. The transformational leadership behaviors adopted by the administration of Jordanian insurance companies increases the workers' perception of change management as leaders' practice of idealized influence behaviors characterized by sufficient personality and professional fitness to reach

the ideal level and the association of employees with the personality of the leader seeing him as an idol, which in turn assists to strengthen the values of work among the workers that eventually, leads to success of the desirable change. Furthermore, the behaviors of Inspirational motivation represented by the pursuit of administrative leaders in order to; keep pace with change; motivate employees; strengthen their ability; and their excellence to accomplish the assigned mission perfectly, which ultimately maximize the desire for the hope that performing the positive change successfully. Also, the behaviors of intellectual stimulation embodied by encouraging employees to think creatively and to search for new ideas, which supports the process of successful change in surviving companies and their sustainability. Moreover, the empowerment behaviors symbolized by training the employees, and caring for them without bias in order to support the success of the change process in Jordanian insurance companies.

Contribution and recommendations

The study provides insight into the significance of transformational leadership as a panacea to change management. The reason for this study was based on the need of the organisations to examine the role of transformational leadership on change management in Jordanian insurance companies. It is also important to note that four dimensions of transformational leadership were identified (Idealized Influence, Inspirational motivation, Intellectual stimulation and empowerment) and results show positive relationship of all these on the change management.

- 1. Based on previous findings, the study recommends the following:
- 2. Increasing the interest in identifying the strengths and weaknesses of workers.
- 3. Paying attention to the personal and practical needs of the workers and meeting the needs of administrative leaders.
- 4. Taking into account the individual differences between the workers, specifically in the work assigned and tasks.
- Strengthening the delegation process by giving staff more powers.
- 6. Holding training courses to increase the capability of employees for the purpose of enhancing the behaviors of empowerment.
- 7. Focusing on the administrative transformational leadership behaviors in all its dimensions as these dimension were found moderately existed, which will increase the perceptions of employees to manage change.

Recommendations for future studies

- 1. To investigate the interactional relationship between transformational leadership and change management for Jordanian insurance companies.
- 2. To study the relationship between transformational leadership and change management in other context.
- 3. To examine the relationship between transformational leadership and other managerial styles.

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