How Effective Leadership can Facilitate Change in the Lebanese Public Sector

Wael Zaraket

Abstract

Leadership and change management is a topic that has not been academically examined in Lebanon. Identifying the relationship between leadership styles and change management is essential for organizations' effectiveness before they undertake present-day changes. This paper investigates the effect of transactional and transformational leadership styles based on change management implementation in Lebanon. Existing literature related to the subject was studied and a deductive research approach was adopted. Here, data was gathered through self-administrated questionnaires distributed to the Lebanese governmental sector and subcontractors' companies with the Lebanese government. The questionnaires have been utilized to elicit responses from 178 employees out of 250 taken as a sample size. The results of this research show that transformational and transactional leadership styles share a positive relationship with change management. Also, the findings infer similar results to those original studies in other Western contexts. Hence, Western models of organizational behavior are applicable to Lebanese organizational idiosyncrasies. Accordingly, the organization should examine transactional and transformational leadership as one of the focal factors in executing change management process. Also, they should encourage managers to further understand the significance of the relationship between leadership style and the holistic innovative change process. The implications of the findings for practice were highlighted.

Keywords: Transactional leadership, transformational leadership, change management.

Introduction

Management practices, technology, and market conditions are keen factors that are employed by organizations in adopting new changes. In order to successfully put into effect those changes, a holistic change management plan should be developed for managers. In addition, different levels and departments should be actively involved in the development and implementation of such a change plan. In this way, the leadership of those managers will not only be determined in their management skills and leading of their teams, but also in the success of the change being adopted. As stated in Prsoci (2014), "Change management is the

application of a structured process and set of tools for leading the "people side" of change to achieve a desired outcome." Change management emphasizes the "people side" of change and targets leadership within all levels of an organization including executives, senior leaders, middle managers, and line supervisors.

Therefore, the purpose of this paper is to explore the relationship between managers' leadership style and change management success in selected Lebanese governmental agencies and subcontractors' companies with the Lebanese government. The purpose is to determine the best leadership style between transactional and transformational, with which employees feel most comfortable and at ease with, when dealing with change. The research purpose is to detect if the transactional and transformational leadership styles have determinant roles they play towards the success of change management and employees' reaction to change in selected public sector agencies and governmental subcontractors. Therefore, this study will be significant in promoting and customizing managerial/leadership approaches to ensure the successful and swift implementation of change. Consequently, by understanding the perception of employees towards their managers' leadership characteristics, the organization will be able to determine the critical success factors of change management and implementation of new changes. Furthermore, this research is new in the Lebanese context, and it provides assistance in minimizing the gap of knowledge as well as lack of research on the change management and leadership subject in the Lebanese business practices. Hence, the main objectives of this research is to elucidate the interdependency between change management and managers' leadership styles, and also analyse the impact of managers' leadership style on the success of change management in the selected Lebanese organization.

Statement of the Problem

Developing a change management strategy that takes into consideration employees' perceptions and reactions to change is extremely important in ensuring the success of conversion and management adjustment. A major element of this plan should be managers' characteristics and leadership styles. It is absolutely necessary for an organization to give support to its employees to enthusiastically and wholeheartedly accept change and adapt to it rapidly. As a result, an organization has to be acquainted with the best leadership styles that are convenient for employees and at the same time ensures the success of change. The conducted study carried out in this project presents a proposition of a solution that meets the needs of all parties related to the project topic. However, for managers, the project represents

a means of highlighting the most excellent and desirable leadership styles to seek in managers and train them to acclimatize. For employees, the project addresses the necessity to adapt to managers' leadership style and assist them to reach the best outcome of change. Therefore, the research questions, conceptual model, and hypotheses for this study are shown below as follows:

Research Question 1: What relations, if any, do transactional leadership style and change management share?

Research Question 2: What is the relationship between transformational leadership style and change management share?

Background and Literature Review

Transformational & Transactional Leadership

"Transformational leadership is visionary, whereby leaders set and communicate vision with which they engender intense emotions in subordinates" (Ghamrawi, 2013: 40). Transformational leaders utilize a mixture of empowerment and employee trust, so as to render such a vision owned by followers and thus fight in fulfilling it (Carlson, 1996). They are influential, pro-active, motivating, and act as role-models (Bass & Avolio, 2004). Moreover, they are characterized by their individual consideration, intellectual consideration, inspirational motivation, and idealized influence (Bass, 1985). Additionally, transformational leaders always aim to arouse the interest of their team's effective use of their abilities as they strive to intellectually stimulate fundamental changes in their followers' belief system and attitudes. They go beyond the day-to-day performance based motivations and incentives that are highlighted in other leadership styles. On the other side, "Transactional leadership focuses on the exchanges that occur between leaders and followers" (Bass, 1985; 1990; 2000; 2008; Burns, 1978). Transactional leadership focuses on the exchanges that allow leaders to accomplish the following; performance objectives, complete required tasks, maintain the current organizational situation, motivate followers through contractual agreement, direct behavior of followers toward achievement of established goals, emphasize extrinsic rewards, avoid unnecessary risks, and focus on revamping organizational efficiency. Transactional leadership makes allowances for followers to fulfill their own self-interest, minimize workplace anxiety, and concentrate on clear organizational objectives such as increased

quality, customer service, reduced costs, and increased production (Sadeghi & Pihie, 2012). Transactional leadership theory described by Burns (1978) posited the relationship between leaders and followers as a series of exchanges of gratification designed to maximize organizational and individual gains.

To differentiate between transactional and transformational leadership, the transactional leadership reacts to problems as they arise, whereas transformational leadership is more likely to address issues before they become problematic. In addition to that, the transactional leaders work within existing organizational culture, while transformational leaders emphasize new ideas and thereby "transform" organizational culture. Moreover, transactional leaders reward and punish in traditional ways according to organizational standards, rules & regulations, and policies & procedures. On the other hand, transformational leaders attempt to achieve positive results from employees by making them invest in projects, which gives rise to an internal high-order reward system. Transactional leaders appeal to the self-interest of employees who seek out rewards for themselves. This is in contrast to transformational leaders who appeal to group interests and notions of organizational success. Finally, transactional leadership is more akin to the common notions of management, whereas transformational leadership adheres more closely to what is colloquially referred to as leadership (Boundless, 2017). To give a brief statement of the main points, the different components of transformational and transactional leadership were presented below in a research done by Xiaoxia & Jing.

Table 1. Characteristics of Transformational and Transactional Leaders

Transformational	Transactional
Idealized Influence (Charisma): Provide vision and sense of mission, instills pride, gains respect and trust	Contingent Reward: Contracts exchange of rewards for effort, promises rewards for good performance, recognizes accomplishments
Inspiration: communicates high expectations, uses symbols to focus efforts, expresses important purposes in simple ways	Management-By-Exception: watches and searches for deviations from rules and standards, takes corrective action, intervenes only if standards are not met
Intellectual Simulation: promotes intelligence, rationality, and careful problem solving	Laissez-Faire: abdicates responsibilities, avoids making decisions

Source: (Xiaoxia & Jing, 2006).

Change Management & Leadership

Change management involves the process, tools and techniques to manage the ''people side'' of change to achieve the required business outcome. Change management incorporates the organizational tools that can be put to use to help individuals make successful personal transitions, resulting in the adoption and realization of change (Prosci, 2017). Camelia Baesu and Ruxandra Bejinaru research work conducted in 2013 inferred a detailed description of the inter-relationship between leadership, leadership styles, and change management. The authors propagated that "leadership is a process of generating change, not maintaining the status quo. This change is not imposed by the leader, but it is a sharing process of the same purpose and values". Baesu & Bejinaru (2013) abridged the following points that can summarize the role of the leader in change management:

1. Creating the case for change – building awareness among employees regarding the imminence of change and its necessity.

2. Creating structural change – insistently working on people in understanding the essence of the specific change phenomena and providing its support through consistent tools and processes.

3. Engaging others – getting people actively involved and committed to run along the change process.

4. Implementing and sustaining changes – elaboration strategies and development of effective action plans as well as supervising the progress towards the desired change.

5. Facilitating and developing capability – sustain people to find their own motivation for achieving change.

Baesu & Bejinaru (2013) description of the relation between leadership styles and change management refer to the leadership competencies mentioned in the transformational and transactional sections. Equally, the authors state that the possession of each leadership style's competencies enables the manager/leader to successfully guide the change in the company while preserving the interests and well-being of his/her subordinates. Furthermore, two reasons were depicted as the importance of leadership in the context of organizational change management: first, the increased dynamism of the environment, which makes change more frequent, unpredictable, and inevitable. Secondly, the low success rates, with authors arguing that about two-thirds of the change efforts fail in achieving their goals (Shin et al., 2012).

To sum up the aforementioned literature, the extant literature provides clear evidence on the importance of leadership capabilities and competencies in determining the success of change. The two leadership styles under study in this research -transactional and transformational- are each characterized by different competencies. Nevertheless, if possessed and exploited effectively, those competencies enable the leader to successfully guide organizational change regardless of the leadership style while taking into consideration the well-being and concerns of the subordinates. Based on the aforementioned information in this study, the conceptualized model and the hypothesis, the relation between transactional /transformational leadership and change management are depicted below:

Table II. Research Hypotheses

H1: Leadership style is positively correlated with change management success in the selected Lebanese public sector agencies.
H1.1: Transactional leadership is positively correlated with change management success in the selected Lebanese public sector agencies.
H1.2: Transformational leadership is positively correlated with change management success in the selected Lebanese public sector agencies.

Figure 1. The Conceptual Model
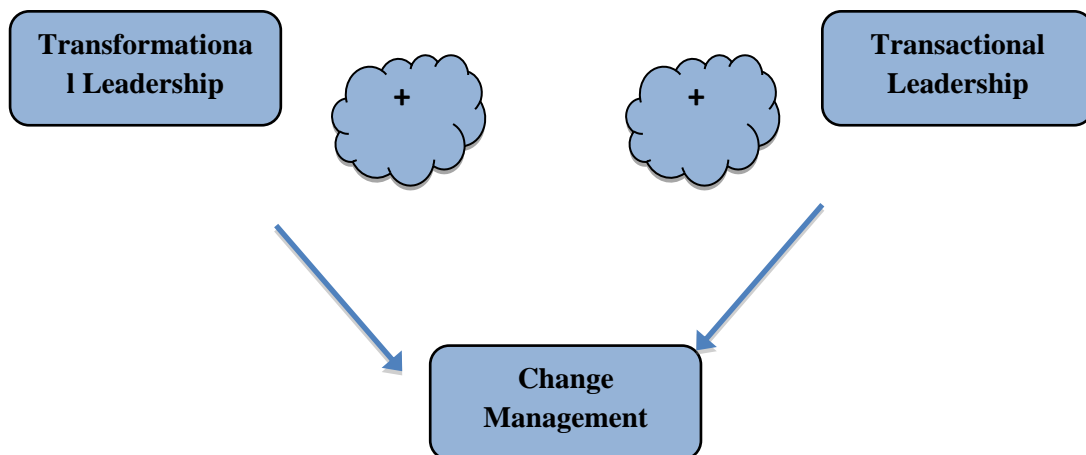
Methodology

This paper adopted the cross-sectional research design that is most commonly used in Leadership studies. The cross-sectional design was used because it can structure a comparison between variables and their relationship with each other which is desired to be established (Saunders et al., 2009). The data were collected using a questionnaire. Section one had to do with Transformational/Transactional Leadership styles, which was based on Bass MLQ (Multifactor Leadership Questionnaire) measurement tool. Section two covered the change management variable. Section three contains socio-demographic questions related to characteristics such as age, gender, monthly salary, and education. The data analysis was

carried out using the statistical software and Statistical Package for Social Sciences (SPSS) Version 23. There were 150 respondents in the study (Table III), of which 38.0% were female and 62.0% were male. About 54.6% of the respondents had a bachelor's degree, 42.6% had a master's degree, and 2.8% had a PhD degree. 94.4% of the respondents were within the age range of 20 to 35, while 5.6% were aged between 36 and 49. On a monthly basis, 20.4% earn less than $1000, 51.9% earn between $1000 to $2000, 19.4% earn between $2000 to $3000, and 8.3% earn above $3000.

Table III. The main characteristics of the sample

Characteristic	Frequency	Percent
Gender		
Male	67	62.0
Female	41	38.0
Educational Level		
Bachelor	59	54.6
Masters	46	42.6
PhD	03	2.80
Age		
20-35	102	94.4
36-49	06	5.60
Monthly Salary		
Below 1000	22	20.4
1000 – 2000	56	51.9
2000 – 3000	21	19.4
Above 3000	09	8.30

Note: $n = 108$

Findings

The data was collected within a period of three months from 150 self-administered questionnaires, which were prepared and distributed to the employees from different age groups, backgrounds, and positions in three government agencies and one governmental subcontractor in Lebanon. Out of the 150 questionnaires distributed, 108 (usable) were returned and also had a response rate of 72%. The internal reliability of the collected data was measured using Cronbach Alpha Coefficient (Table IV), with scores for the three variables ranging between 0.797 and 0.871, which exceeded the acceptable limit (Zikmund, 2002). The normal distribution of each variable was verified by calculating the values of kurtosis and skewness. The linear regression for the tests was conducted using 108 cases. As a result, there was a need to check the normal values to ensure that all variables have acceptable normal distribution and a linear relationship between the independent and dependent variable(s). The skewness and kurtosis values are between -1 and +1, reflecting an acceptable level.

Table IV. Internal reliability of the variables

Measurement items	Cronbach's alpha
Transformational Leadership	0.871
Transactional Leadership	0.815
Change Management	0.798

A regression analysis was used to examine the impact of transactional/transformational leadership styles on the function of change management (Table V). The result indicates that there is a significant positive relation between transactional/transformational and change management.

Table V. Regression results transactional/transformational leadership styles on change management

Model	Change Management		
	R^2	Beta	Sig
Transformational Leadership	0.359	0.600	0.000
Transactional Leadership	0.563	0.750	0.000

The testing of hypotheses by using the linear regression was delineated as follows:

H1.1 Transactional leadership and change management; it has been shown through analysis that transactional leadership reflect a positive relation with change management and thus the hypothesis was supported.

H1.2 Transformational leadership and change management; it has been shown through analysis that transformational leadership has a positive relation with change management and thus the hypothesis was supported.

Discussion

For the hypotheses, the results showed that there is a positive relationship between transformational leadership and change management. In other words, a transformational leader increases the probability of change success and acceptance of change by employees. This result was also supported by the findings obtained from the literature review. Yukl & Fleet (1992) define transformational leadership as the process of influencing major changes in the attitudes and assumptions of organizational members…and building commitment for major changes in the organization's objectives and strategies. This supports the results of the primary research in this study. In addition, the results showed that there is a positive relationship also between transactional leadership and change management. A transactional leader is also viewed by employees of the selected organization as a change driver. This is also supported by previous literature where several citations stressed on the importance of the exchange and communication between followers and leaders in transactional leadership style. In a nutshell, the results of this research show that transformational and transactional leadership are both viewed as effective styles to be adopted by managers during the process of change.

However, findings of this study have implications for managerial leadership style in the Lebanese governmental sector. The results can provide assistance to managers to reform the leadership style adopted. By testing through observation the extent to which transactional and transformational leadership styles are related to change management, the study at hand proposes the most effective characteristics and traits to be adopted by managers in order to ensure successful implementation of change. The management of Lebanese public sector as well as the private sector can apply the findings of this study in managerial and leadership workshops. The results of this research as regards to the relationship of leadership styles with the success of change disclose that transformational leadership style reflects a positive relationship with change management, where a transformational leader can induce high level of commitment from employees towards change. To sum it all up, the results also suggest that transactional leaders can effectively communicate change among their followers and hence, build commitment and motivation from employees towards change.

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ABOUT THE AUTHOR

Wael Zaraket, PhD. Business Administration, Assistant Professor, Faculty of Business and Economics, American University of Science and Technology, Beirut, Lebanon. wzarakt@aust.edu.lb, zaraketwael@gmail.com