Effect of Transformational Leadership on Organizational Culture in the Libyan Higher Education Institutions

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Abstract: This study aims to examine the impact of different components of transformational; Individualized Consideration, Inspirational Motivation, Idealized Influence, and Intellectual Simulations; on the organizational culture among employees of public universities in Tripoli-Libya. This research is a quantitative methods study and used SPSS software package and AMOS SEM software to analyses the primary data that collected from selected employees from the Libyan Public Universities. Population of the study is all employees who are working in Libyan public Universities. However, the study uses purposive sampling technique to choose three universities, which are the most three popular, with largest number of students, and located in Tripoli, the Capital of Libya. The final valid sample size used for data collection is 221 participants. Idealized Influence found to have the highest impact, Inspirational motivation found to have the second impact, Intellectual simulations found to have the third impact, and individualized consideration found to have the least impact. In general, the study prove that transformational leadership has a positive significant impact in on organizational culture at Libyan higher education institutions, which is mapped with many studies within the same filed of education but in different countries. Further studies are advised to investigate the same model in different environments for generalization and examination of differences between countries. In addition, extend the model to include other styles of transformational leadership are welcome to assess the differences between leadership styles.

Keywords: Transformational Leadership, Individualized Consideration, Inspirational Motivation, Idealized Influence, Intellectual Simulations, Organizational Culture, Libya.

I. INTRODUCTION

The application of leadership theory within organizations has seen expansive growth since the emergence of transformational leadership, leading to an increased interest in accounting for contextual variables and the effects of mediators/moderators [1]. The initial concepts of transformational and transactional leadership as proposed by Burns (1978) have led to evolving perceptions of how leadership influences organizations in the modern workplace [2]. The potential for application has spread to all aspects of the organization, with an explicit link between organizational culture and leadership acknowledged throughout leadership theory [3]–[5].

The perception of organizational culture is influenced by leadership behavior in terms of its support or conflict with perceived organizational values [6]. Organizational culture is tied to the display of its values, which is reflected through the perception of its leaders. Further work on the influence of leadership on organizational culture has been called for specifically with the goal of understanding the internalization of a company's values and beliefs by followers [7]–[9]. Some scholars investigated the relationship between transformational leadership and organizational culture and found a positive relationship between the dimension individual consideration and acculturation activities (Anwar et al., 2017; Elrehail, Emeagwali, Alsaad, & Alzghoul, 2018). Further study of this interaction remains underdeveloped, likely from a lack of standard definition and modeling for organizational culture.

In the last decade, transformation in the education industry in Libya has happened significantly because of new entrants in the market and the increasing demands of the customers [11]. In addition, a combination of pressure resulting from the introduction of new regulatory framework, increased competition, international integrations and change in customer demands have necessitated the use of a leadership style that encourages adapting to changes. The strength of higher educational institutions in Libya significantly depends on the leadership style used [12].

This study aims to examine the impact of different components of transformational; Individualized Consideration, Inspirational Motivation, Idealized Influence, and Intellectual Simulations; on the organizational culture among employees of public universities in Triplo-Libya.

II. LITERATURE REVIEW

A. Organizational Culture

The concept of organizational culture is one of the most complex issues in the workplace which, lacking formally agreed upon definitions and scope has been argued as one of the most important concepts to gain understanding of contextual variables within the workplace [13]. The importance of organizational culture stems from the interaction among roles, norms, and values within an organization that have deep casual aspects on how an organization functions [4].

The fundamental issues concerning the concept of organizational culture were captured by Ogbonna and Harris (2000) as they identified the linkages among culture, leadership, and performance [14]. First, the quantitative and qualitative value of analyzing culture and its effects is potentially reduced when culture is treated as a unitary concept. Secondly, the value of culture goes beyond politics and is deeper than climate, with potential for sub-cultures throughout the organization. Third, the malleability of organizational culture suggests that it is not something easily or directly [15].

With its explicit link to shared values, the concept of organizational culture is often viewed as shaping value congruence within an organization. However, being difficult to assess, organizational culture often is linked to financial performance in an effort to capture the relationships associated with different types of culture [5]. Even so, the consensus in academic literature remains that the shared acceptance of widely held values and beliefs is the strongest link between organizational culture and performance [16].

B. Transformational Leadership

Leadership theory in the last 30 years has been rapidly evolving as it incorporates changes in technology, social values, and the shifting landscape of the workplace. Early theories explored leadership traits and behaviours, yet the link between situational demands and follower performance was inconsistent [17]. A proposal by Burns in 1978 and a follow-up model theory by Bass in 1985 provided formal definitions and a framework for research on transactional and transformational leadership [18].

Transformational leadership is comprised of four components; idealized influence, individual consideration, intellectual stimulation, and inspiration, which represents a spectrum of empirically determined effective leadership traits and behaviours [18]. Transformational leadership, sometimes referred to as the full range model of leadership, has been firmly established as the dominant leadership theory today, encompassing the spectrum of leadership style from laissez-faire (absent leadership) to transactional (contingent-reward model) to transformational (inspirational leadership) [18]. Bass and Avolio (1994) used a blend of concepts that borrow from trait theory, behavioural theory, and crafted the final model with significant influence from charismatic leadership. Importantly, this theory blended the measuring of leadership qualities with the intended effect of "transforming" followers to more effectively and efficiently achieve organizational objectives [19]. This model also presented a set of characteristics useful for further developmental analysis of leadership situations by observing organizational and work outcomes (e.g. performance, commitment) based on levels of transformational leadership perceived at different ranks within an organization [20].

C. Transformational Leadership and Organizational Culture

Schein (1985) stated, "Leadership and culture are so central to understanding organizations and making them effective that we cannot afford to be complacent about either one" [21]. This statement continues to bear weight today as organizations strive to become more effective in an ever-changing environment. While leadership theory has expanded greatly since Schein's comment, the study of organizational culture has lagged. However, one major critique of leadership theory is the difficulty in accounting for contextual circumstances when measuring leadership qualities. Organizational culture reflects context based on shared values, thereby providing an opportunity to assess leadership within a larger organizational context [22], [23].

For instance, a transformational leader may have a competing vision incongruent with the organization and its culture, which may lead to role ambiguity among employees and discontent among followers [24]. The immediate supervisor becomes a lens through which employees perceive the culture of an organization [25]. If perceived values of the supervisor conflict with values represented by the organizations culture then subordinates may become negatively affected by value incongruence outcomes may likely diminish [26].

In order to explore influences, which may be competing, or may be complimentary, the dynamic of how each variable affects the other must be considered. For instance, the nature and impact organizational culture changes can be linked to actions taken by some form of leadership within the organization. Thus, the concept of transformational versus transactional leadership styles supports the relationship between leadership ability to affect organizational culture, and the organizational culture potential to affect perceptions of leadership. Conversely, if the actions of leaders are perceived as being driven by the organization, then leaders are considered modelled by the culture, and culture is the driving force for change within he organization [27].

This interplay between leadership and culture creates a dynamic process with leaders shaping culture and in turn being shaped by culture; a process agreed upon in both leadership and organizational culture literature [5]. Bass (1985), in his initial introduction of transformational leadership, argued that transactional leaders were more appropriate for organizations with hierarchical, bureaucratic cultures while transformational leaders were better suited for adaptive, flexible cultures [5]. Hennessey (1998) supported the concept of leader/culture congruence, suggesting that the most effective leaders work within the existing organizational culture to foster it and increase effectiveness and efficiency within that organizational cultures framework [28].

III. PROPOSED MODEL AND HYPOTHESIS

Based on the above discussions, this study is exploring the relationship between the four dimensions of transformational leadership and organizational culture as the following figure.
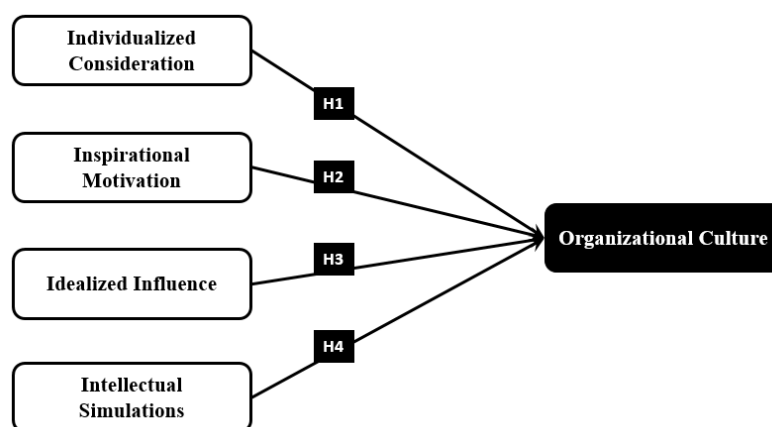

Fig 1: Conceptual Model and Research Hypotheses

- H1: Individualized Concentration has a positive impact on organizational culture.

- H2: Inspirational Motivation has a positive impact on organizational culture.

- H3: Idealized Influence has a positive impact on organizational culture.

- H4: Intellectual Simulations has a positive impact on organizational culture.

IV. METHODOLOGY

This research is a quantitative methods study and used SPSS software package and AMOS SEM software to analyses the primary data that collected from selected employees from the Libyan Public Universities. Quantitative research is related to concepts that have relationships between variables that can be assessed in objective ways, whilst qualitative research addresses questions of meaning, feeling, understanding and socially created reality [29], [30]. Quantitative method is used to rationalize positivism in order to investigate hypothetical-deductive generalizations to the simplest possible basics in order to facilitate analysis [31].

This study used closed questions for the questionnaire; as these are quicker to answer. A questionnaire is the most common research instrument used to collect quantitative data. A general definition of a questionnaire is a list of questions developed by a researcher to gather relevant data on a certain subject. The questionnaire used Likert-5 style to collect perception of respondents in a well-structured questionnaire. The questionnaire has some demographic question such as age and gender; and the another five sets of questions that related to the five variables of the study. The questions were adapted from previous studies.

Population of the study is all employees who are working in Libyan public Universities. However, the study uses purposive sampling technique to choose some specific universities. All public universities in Libya run the same administrative system. The field study of this research has been done on three Libyan universities in 2019. Those three universities are the most three popular, with largest number of students, and located in Tripoli, the Capital of Libya. The final valid sample size used for data collection is 221 participants.

V. ANALYSIS AND FINDINGS

The study targeted 500 staffs working at three selected Libyan public universities in Tripoli. Out of the 500, questionnaires administered, 221 responded, indicating a response rate of 44.2% as shown in Table I.

Table I: Response Rate

Response Rate	Sample Size	Percentage
Returned questionnaires	221	44.2
Unreturned Questionnaire	279	56.8

The reliability for the items of Individual consideration, Inspirational motivation, Intellectual stimulation, and Organizational culture was assessed by computing the overall Cronbach's alpha reliability coefficient. The reliability for each construct was demonstrated since the overall Cronbach's alpha statistic were 0.929, 0.800,0.950, 0.938, and 0.915 respectively which is greater than the threshold of 0.7 as indicated in table II.

Table II: Reliability Analysis

Factor	Cronbach Alpha
Individualized Consideration	0.929
Inspirational Motivation	0.800
Idealized Influence	0.952
Intellectual Stimulation	0.938
Organizational Culture	0.915

Correlations matrix provides the correlation between every two variables. Individualized consideration was found to be positively and significantly related to organizational performance in Libyan public organization. (r =0.676, p-value = 0.001<0.05 level of significance). Intellectual stimulation was found to be positively and significantly related to organizational performance in Libyan public organization (r =0.617, p-value = 0.013<0.05 level of significance). Inspirational motivation was found to be positively and significantly related to organizational performance in Libyan public organization (r =0.782, p-value = 0.000<0.05 level of significance) as indicated in table III.

Table III: Correlation Matrix between Research Variables

	IC	IM	II	IS	OC
IC	1				
IM	.814**	1			
II	.799**	.623**	1		
IS	.554**	.726**	.443**	1	
OC	.676**	.782**	.345**	.617**	1

**. Correlation is significant at the 0.01 level (2-tailed).

The fitness indices indicated that the data fit well with the survey data. All overall goodness-of-fit statistics were within acceptable fit as tabulated in Table IV. The Normed Chi-square was below 5, with RMSEA and RMR equaling less than 0.10 and 0.08 respectively. This result was supported by the values of normed fit index and other fit indices that were well above the desired level, indicating support for the conceptual model. Consequently, these results suggest that the conceptual model is well and adequately fit.

Individualized consideration was found to have a positively linearly significant influence on organization culture in Libyan public organizations (β=0.341, p=0.000<0.05). Here one unit change in individualized consideration results in 0.341 unit increase in organization culture in Libyan public organizations. Intellectual stimulation was found to have a positively linearly significant influence on organization culture in Libyan public organizations (β=0.371, p=0.000<0.05). This shows that one unit change in Intellectual stimulation would lead to a 0.371 increase in organization culture in Libyan public organizations. Inspirational motivation was found to have a positive and significant influence on organization culture in Libyan public organizations (β=0.421, p=0.000<0.05). This shows that one unit change in inspirational motivation results in 0.421 unit increase in organization performance in Libyan public organizations. The most influential role of transformational leadership is inspirational idealized influence (Beta =0.481) then followed by inspirational motivation (Beta =0.375) and the least influential is intellectual stimulation (Beta =0.421) as indicated in table IV.

Table IV: Final Model Results

Standardised regression weight			S.E.	P value	C.R.
IC	←	Organizational Culture	.341	.051	0.000	7.269
IM	←	Organizational Culture	.421	.042	0.000	6.528
II	←	Organizational Culture	.481	.038	0.000	6.235
IS	←	Organizational Culture	.371	.064	0.000	7.896
Chi-Square (x2)			1.246		
Degree of Freedom (df)			**2**		
P			**.534**		
Normed chi-square (CMIN/DF)			**.623 (< 5.0)**		
Root mean square residual (RMR)			**.044 (< 0.1)**		
Root mean square of error of estimation (RMSEA)			**.000 (< 0.10)**		
Goodness-of-fit index (GFI)			**.998 (> 0.9)**		
Adjusted of goodness-of-fit index (AGFI)			**.988 (> 0.8)**		
Normed fit index (NFI)			**.997 (> 0.9)**		

VI. DISCUSSIONS

Idealized Influence found to have the highest impact on organizational culture in Libyan higher education institutions, which is mapped with previous studies such in different domains such as nursing [32], and education [33]. Inspirational motivation found to have the second impact on organizational culture in Libyan higher education institutions, which is mapped with previous studies such in different domains such as nursing [32], and education [34]. Intellectual simulations found to have the third impact on organizational culture in Libyan higher education institutions, which is mapped with previous studies such in different domains such as family firms [35]. Individualized consideration found to have the least impact on organizational culture in Libyan higher education institutions, which is mapped with previous studies such in different domains such as logistic industry [36], and banking [37]. In general, the study prove that transformational leadership has a positive significant impact in on organizational culture at Libyan higher education institutions, which is mapped with many studies within the same filed of education but in different countries such as Jordan [10] and Indonesia [34].

VII. CONCLUSIONS AND RECOMMENDATIONS

Transformational leadership proved before to have an impact on the organizations context. However, this study adds extra knowledge in two folks; first, to the study of social science in Libya and specifically to the higher education institutions; and second, to the empirical and generalization of transformational leadership impact on organization culture. Not much study investigates the proposed relation because most studies examined engagement variables such as satisfaction, commitment, and performance.

Based on the study results, transformational leadership have a strong impact on organizational culture; therefore, practitioners in education system in Libya should take care for increasing leadership qualities in the principals of Libyan universities. Human resource management in universities should adapt their training to improve leadership qualities in their leader.

Further studies are advised to investigate the same model in different environments for generalization and examination of differences between countries. In addition, extend the model to include other styles of transformational leadership are welcome to assess the differences between leadership styles.

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