



Leadership & Organization Development Journal

Leadership style and the process of organizational change

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To cite this document:

Ann-Louise Holten Sten Olof Brenner , (2015),"Leadership style and the process of organizational change", Leadership & Organization Development Journal, Vol. 36 Iss 1 pp. 2 - 16

Permanent link to this document:

<http://dx.doi.org/10.1108/LODJ-11-2012-0155>

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Leadership style and the process of organizational change

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Received 29 November 2012
Revised 14 February 2013
10 May 2013
Accepted 10 May 2013

Abstract

Purpose – The purpose of this paper is to identify processes which may contribute to followers' positive reactions to change. By focusing on the relationship between change antecedents and explicit reactions, the authors investigate the direct and indirect relationships between leadership styles (transformational and transactional) and followers' appraisal of change through manager engagement.

Design/methodology/approach – Using data from a longitudinal survey among 351 followers in two Danish organizations, the study tracked the planned implementation of team organization at two different times. Data were analyzed using structural equation modelling.

Findings – Transformational and transactional leadership styles were positively related to the engagement of managers. Managers' engagement was associated with followers' appraisal of change. The two leadership styles also had a direct, long-term effect on followers' change appraisal; positive for transformational leadership and negative for transactional leadership.

Practical implications – The results have potential implications for change management, as followers' change appraisal may be improved by developing managers' leadership style and engagement.

Originality/value – This is the first study to provide longitudinal evidence of the direct and indirect effects of leadership styles on followers' change appraisal.

Keywords Change, Structural equation modelling, Transformational leadership, Change process, Recipient change reaction, Transactional leadership

Paper type Research paper

Organizational change has become the rule rather than the exception for many organizations (Kieselbach *et al.*, 2009). At the organizational level, change has been associated with intention to quit (Holt *et al.*, 2007; Oreg, 2006), absenteeism (Martin *et al.*, 2005), reduced productivity, and increased health care expenses (Mack *et al.*, 1998). At the individual level, change has been found to influence time pressure, psychological well-being (Probst, 2003), job satisfaction (Amiot *et al.*, 2006; Holt *et al.*, 2007; Oreg, 2006), and stress (Axtell *et al.*, 2002). Accordingly, organizational change is associated with a series of potentially negative outcomes for both organizations and individuals.

Given the increase in frequency and range of organizational change, it appears pertinent to investigate processes which may contribute to positive reactions to change. While much change literature focuses on the effects of change, our study exclusively



investigates mechanisms of the change process. Knowledge of these mechanisms will have links to both practice and research. We place our study within the model of “change recipient reactions” proposed by Oreg *et al.* (2011). The model describes change as a process relating to four areas: Pre-change antecedents (recipient characteristics, internal context), change antecedents (change process, perceived benefit/harm, and change content), explicit reactions (affective, cognitive, and behavioural reactions), and change consequences (work-related and personal consequences). We respond to the call of Semmer (2006) for evaluations of change and intervention processes by focusing exclusively on the change process, that is, the relationship between antecedents and explicit reactions. Few empirical studies have investigated positive recipient reactions to organizational change, with the majority focusing on where change goes wrong (Oreg *et al.*, 2011). While much can certainly be learned from negative processes, the aim of our study in contrast is to investigate the processes antecedent to a positive development in followers’ appraisal of change. Within this aim, we study the relationships between leadership styles (transformational and transactional) and followers’ appraisal of change – both directly and indirectly through manager engagement. We do so within two Danish organizations, tracking the planned implementation of team organization at two different times. Our study potentially feeds into a best practice discussion.

Developing positive appraisals of change

Within change reaction research, studies have focused on the first and last stages of the change recipient reactions model, i.e. pre-change antecedents (e.g. cognitive and affective anticipation and readiness for change) (Oreg *et al.*, 2011) and consequences of change (e.g. job satisfaction, job involvement, intention to quit and depression, and other health problems) (Grunberg *et al.*, 2008).

The present paper considers neither pre-change antecedents nor consequences of change, but focuses instead on the intermediate phases of change, i.e. change antecedent and explicit reactions to change. Through our change process perspective, we investigate followers’ attitudes (Oreg, 2006; Rafferty and Griffin, 2006) and reactions to change (Parish *et al.*, 2008). We add to prior research by investigating the role of leadership (style and engagement) in developing positive appraisals of change. We do so by exploring both cognitive and behavioural developments via the concept of follower’s appraisal of change. Contrary to most change research focusing on the negative aspects of change, our concept of change appraisal specifically tracks positive developments of attitudes towards the change, attitudes towards the manager, and changes in behaviour related to routines and procedures, work methods, and traditions.

Our study focuses exclusively on the perceptions and evaluations of followers. However, followers are not only recipients of change – they also impact the change process (Whelan-Berry *et al.*, 2003) and its outcomes. (Mack *et al.*, 1998). Thus, followers’ positive change appraisal seems a prerequisite for a successful change process and long-lasting, positive effects of change in individuals and organizations.

Leadership styles and manager change engagement

Transformational leadership style is characterized by four factors: idealized influence/charisma, inspirational motivation, intellectual stimulation, and individual consideration (Bass, 1985). Transformational leaders act as role models, create a sense of identification with a shared vision, instil pride and faith in followers, inspire

and empower followers, encourage followers to rethink their conventional practice and ideas, and give individual attention and recognize individual needs (Bass, 1999). Transactional leadership style is characterized by two factors: contingent reward and management by exception (Bass, 1985). The management by exception factor has later been divided into two elements: active and passive (Lowe *et al.*, 1996). Transactional leadership style occurs in a leader-follower exchange relationship in which corrective actions are an exception and followers are rewarded when meeting certain clearly defined goals. Where a transformational leadership style encompasses values and visionary leadership, a transactional leadership style is more closely related to the recognizing and rewarding of specific follower accomplishments.

The literature on transformational-transactional leadership discusses whether gender and organization type entail certain response trends. While female managers are found to be more transformational (Bass, 1999; Eagly *et al.*, 2003), research on gender dyads shows that female managers' female followers report higher levels of transformational leadership than their male counterparts (Ayman *et al.*, 2009). Contrary to their hypotheses, Lowe *et al.* (1996) find that transformational leadership and one element of transactional leadership (management-by-exception) are more commonly reported in public organizations. The authors discuss whether these findings reflect a difference in enacted transformational leadership, in functional demands, or in operational evaluation standards in private organizations.

Management behaviour influences the well-being of followers (Skakon *et al.*, 2010), influence that also holds true during organizational change, in which managers play important roles both as drivers of change and role models (Kieselbach *et al.*, 2009). Organizational change research has found that positive reactions towards change are produced if management is change competent, has a participative, informative approach, and is perceived as fair (Oreg *et al.*, 2011). Managers are thus important change agents, facilitating the success of organizational change and influencing the degree to which followers embrace change (Armenakis *et al.*, 2007). We specifically investigate the role of leadership style and change engagement in the process of developing such positive appraisals of change by followers.

Transformational leadership is an appropriate leadership style for dealing with organizational change (Bass and Riggio, 2006; Eisenbach *et al.*, 1999). Transformational leadership facilitates how followers cope with change (Callan, 1993) and bolsters followers' commitment, self-efficacy, and empowerment during change (Bommer *et al.*, 2005). Transformational and transactional leadership styles are separate yet complementary (Bass, 1985). According to the augmentation effect theory, transformational leadership is at the base of and adds to the effect of transactional leadership (Bass, 1999; Avolio, 1999).

During change, charismatic (transformational) leadership provides a psychological focal point for followers by offering a role model who demonstrates desired actions. Instrumental (transactional) leadership ensures compliance and consistency with the commitment generated by the charismatic (transformational) leadership behaviour (Nadler and Tushman, 1989).

The construct of engagement describes a positive state of work-related well-being characterized by three elements: vigour, dedication, and absorption (Bakker *et al.*, 2008). Engagement has typically been researched in relation to followers (Bakker *et al.*, 2011). However, recently one study on school principals has studied engagement at managerial level (Bakker and Xanthopoulou, 2013). We extend current engagement research in two ways: First, by applying the concept to managers, thereby representing

an emerging trend of studying manager engagement, and second by investigating change engagement specifically.

Our concept of change engagement consequently targets the enacted change-related behaviours and attitudes, comprising elements of participation, information delivery, and commitment as perceived by followers.

Indirect mechanisms in followers' change appraisal

To achieve successful change, managers should seek to align their espoused and enacted values (Eisenbach *et al.*, 1999). Such alignment would in Simons' (1999, 2002) terminology be defined as behavioural integrity. Within the behavioural integrity theory, we see transformational and transactional leadership styles as transporting managers' espoused values, and change engagement as transporting managers' enacted values. Thus, in successful change processes, both transformational and transactional leadership styles (transporting the espoused values of change) would align with more specific manager change engagement (transporting the enacted values of change).

Transformational and transactional leadership styles are complementary during organizational change (Nadler and Tushman, 1989). Simons (1999, 2002) argues that transformational leadership supports successful change through the development of trust and credibility, created by behavioural integrity. We thus suggest that transformational leadership will positively support change specific manager engagement. On the other hand, transactional leadership, being a more instrumental leadership style, represents a concrete platform from which managers can actively engage with followers in implementing the change. The reinforcing and rewarding nature of transactional leadership would underpin specific engagement behaviours such as information delivery and outlining of personal impact. Accordingly, we propose that both transformational and transactional leadership will align with managers' change engagement:

H1. Transformational and transactional leadership styles are positively related to managers' change engagement.

Much research, investigating organizational change-related leadership behaviours, has focused on followers' commitment and receptivity. Herold *et al.* (2008) found that change management was positively related to followers' change commitment, while Aarons (2006) found that having a positively perceived local opinion leader to introduce and guide change may facilitate receptivity to change. Kavanagh and Ashkanasy (2006) investigated a large scale merger and found that the change management strategy determined followers' acceptance or rejection of change.

We advance previous research by looking at the development of followers' change appraisal. Developing positive change appraisal would be an important indicator of the potential success of change processes and thus ultimately of positive individual and organizational outcomes. The mechanisms preceding this measure are therefore of great importance and interest for organizations planning and implementing change.

While focusing our research on explicit change reactions, we propose a path between managers' engagement and a positive development in followers' appraisal of change. We hypothesize that the more managers involve followers, communicate clearly, share their knowledge of the change, actively work towards the change, are positive towards the change, are available to followers with information, and talk about

the consequences for each person, the more positively followers will appraise the change:

H2. Managers' change engagement is positively related to followers' change appraisal.

6 **Direct mechanisms in followers' change appraisal**

Another aim of this paper is to investigate how leadership styles impact followers' appraisal of change directly. While transformational leadership correlates positively with the successful implementation of change (Oreg *et al.*, 2011), transactional leadership fits an organizational situation which maintains status quo and achieves specific goals (Gersick, 1994).

Transformational leadership is suggested to be appropriate in organizational change (Eisenbach *et al.*, 1999), and to positively impact followers' reactions to organizational change (Oreg *et al.*, 2011). Transformational leadership taps into a process which inspires change in the attitudes and assumptions of followers while creating commitment to organizational goals (Yukl, 1989). We hypothesize that transformational leadership will be associated with a greater appreciation of the change process, as evidenced by changing routines and procedures, straightening up bad work methods, and changing attitudes towards team organization and the team's abilities to manage changes in the organization. We thus propose that transformational leadership will inspire a positive development of followers' appraisal of change:

H3. Transformational leadership style is positively related to followers' appraisal of change.

Based primarily on extrinsic motivation, transactional leadership supports follower compliance with tasks through incentives and rewards (Bass, 1995). During organizational change transactional leadership may inspire the acceptance of change via reinforcement and reward. However, such acceptance would be of an instrumental nature rather than attitudinal. While transactional leadership fits organizations maintaining status quo (Gersick, 1994), we do not anticipate transactional leadership to positively impact followers' appraisal of change. If transactional leadership entails a failure to motivate followers beyond the expected outcomes, then impacting a positive appraisal during the uncertainties of change would seem difficult. We thus propose that transactional leadership will not reveal a positive relationship with change appraisal:

H4. Transactional leadership style is not positively related to followers' appraisal of change.

The present study

While the purpose of our study is to empirically examine the antecedent mechanisms to followers' appraisal of change, our hypotheses relate to the expression of these mechanisms and how they contribute to our understanding of the process of organizational change. The mechanisms we look at encompass direct and indirect relationships. Focusing on indirect relationships, we look at associations between leadership and manager engagement (*H1*), and between manager engagement and followers' appraisal of change (*H2*). We also look at the direct relationships between leadership styles and change appraisal (*H3* and *H4*).

Method

Procedure

Participants in our study were followers in two Danish organizations operating within different sectors: One within the eldercare sector (public) which is primarily female dominated, the other within the financial sector (private) which is a more gender balanced sector. In Denmark, the eldercare sector is organized in centres providing care to elderly either in their own home or in eldercare homes. The care centres include four staff categories: health care assistants, nurses, staff with other health-care educations, and staff with no health-care education (e.g. janitors, administrative, and kitchen personnel). Within the financial sector the participating organization was a large company with 24 offices geographically spread across Denmark. About half of the followers were located in the capital. All of the followers were accountants at different career levels.

Both organizations were in the process of restructuring into teams. The public organization was, prior to the change, organized in groups defined by the geographical area of work. Each group had a leader with managerial responsibilities. The overall objective of implementing a new team structure was to develop teams with some degree of self-management. The existing groups were divided into smaller teams with each team being responsible for a certain group of clients. The new teams held regular team meetings, shared knowledge, allocated tasks, and solved problems. Prior to the change, the private organization was organized in ad hoc project teams related to specific client-related assignments. The private organization established a new, permanent coach structure for groups of followers covering similar tasks or geographical areas. The objective of the change was to minimize the distance between departmental management and followers. Each group would have a coach who would function as a communication link between department managers and followers. The coach groups would decide independently on content and regularity of meetings.

Followers in both organizations were issued with questionnaires at two points in time (in the beginning of and after restructuring). Data were collected from the public organization during August 2005 and April 2007, and from the private organization during November 2005 and October 2007. Due to differences in the nature of work, questionnaires were distributed in paper format to the public organization and electronic format to the private organization.

The public organization's questionnaires were distributed to 551 individuals at Time 1 (T1). A total of 447 questionnaires were returned (response rate = 81 per cent). Female responses comprised 93 per cent of the total responses and the average respondent age was 44 years ($SD = 11.13$) (see Table I for an overview of participants). At Time 2 (T2), questionnaires were distributed to 521 individuals. A total of 274 questionnaires were returned (response rate = 53 per cent). Female responses were equivalent to 91 per cent and average age was 45 years ($SD = 10.93$).

	Time	Distributed/ returned	Response rate (%)	Female (%)	Average age (SD)
Public T1	August 2005	551/447	81	93	44 (11.13)
Public T2	April 2007	521/274	53	91	45 (10.93)
Private T1	November 2005	275/221	80	43	29 (6.93)
Private T2	October 2007	237/179	76	43	30 (7.88)

Table I.
Overview of
participants

At T1, private organization questionnaires were distributed to 275 individuals. A total of 221 questionnaires were returned (response rate = 80 per cent). T1 data were comprised of 43 per cent female responses with an average age of 29 years (SD = 6.93). T2 questionnaires were distributed to 237 individuals. Overall, 179 questionnaires were returned (response rate = 76 per cent). T2 data were comprised of 43 per cent female responses and the average age was 30 (SD = 7.88). A dataset for analysis was created including only respondents with valid responses on at least one of the study measures ($n = 351$). While some managers were exchanged from T1 to T2, respondents were asked to refer to the executive change manager when responding to questions concerning change engagement and change appraisal.

Measures

Outcome variable. The positive development in followers' change appraisal (change appraisal) was measured using the seven-item Exposure to Intended Intervention scale developed by Randall *et al.* (2009). Sample items include: "Through the implementation of teams, we finally got to straighten up some bad work methods that we had accepted"; "I have changed my attitude to the role of the leader after the implementation of teams"; "I have changed routines and procedures after the implementation of teams"; "In this change we openly discuss which traditions or procedures we wish to change and which we wish to keep"; "New procedures have been introduced after the implementation of teams"; "I have changed my attitude to teams after the implementation of teams"; and "The implementation of teams has made it easier to tackle the changes in the organization". Response categories ranged from 1 ("strongly agree") to 5 ("strongly disagree"). Cronbach's α for scale reliability was 0.84.

Predictors. Transformational leadership was measured using the seven-item Global Transformational Leadership (GTL) scale developed by Carless *et al.* (2000). An example item is "My manager communicates a clear and positive vision of the future". Response categories ranged from 1 ("to a very large extent") to 5 ("to a very small extent"). Cronbach's α was 0.92 at T1 and 0.93 at T2. Transactional leadership was measured by the transactional contingent reward index developed by Sosik and Godshalk (2000). An example item is "My manager makes it clear what we can expect when we reach our goal". Response categories ranged from 1 ("to a very large extent") to 5 ("to a very small extent"). Cronbach's α was 0.84 at T1 and 0.85 at T2. Managers' change engagement (Engagement) was measured using the seven-item Line Manager Attitudes and Actions scale developed by Randall *et al.* (2009). Sample items include: "My immediate manager has done a lot to involve followers throughout the process"; "My immediate manager communicated clearly the advantages of implementing teams"; "My immediate manager shared whatever (s)he knew about the implementation of teams"; "My immediate manager has actively worked towards the implementation of teams"; "My immediate manager was positive about the implementation of teams"; "I have had the opportunity to speak with my immediate manager about which consequences implementation of teams would have for me"; and "The information concerning the implementation of teams has been easily accessible". Response categories ranged from 1 ("strongly agree") to 5 ("strongly disagree"). Cronbach's α was 0.89.

Prior to analysis all scores were transformed to a 0-100 scale. A high score on the scale indicated a high value for the item.

Data analysis

We tested our theoretical model by applying structural equation modelling (SEM) in Lisrel 8.8, utilizing maximum likelihood estimation procedures and the covariance matrix as input for analyses (Jöreskog *et al.*, 2001). We performed both cross sectional – with control for base line levels of leadership styles – and longitudinal analyses. We tested the structural model in two steps: we tested the significance and sign of the model relationships and we tested the goodness of fit of the model. We present and evaluate several fit indices, focusing mainly on the RMSEA and χ^2 measures. RMSEA values smaller than or equal to 0.08 are interpreted as an acceptable fit (Cudeck and Browne, 1993) and non-significant χ^2 values suggest a good model fit to data.

Our structural model predicts followers' change appraisal at T2 using different explanatory models (Models 1-3). We compared models via a χ^2 difference test to nested models in accordance with Bollen (1989), where $\Delta\chi^2$ and Δdf are compared and tested for significance. Measurements at T1 were initially introduced as stability indices, thus entering relationships between transformational leadership T1 and T2, transactional leadership T1 and T2, and a correlation between transactional and transformational leadership at T1. In order to test our theoretical assumption that transactional leadership has an impact on and forms the foundations of transformational leadership, we also included a structural relationship between transactional and transformational leadership at T2. We interpreted significance levels using standardized regression coefficients with the following levels: t -values $> 1.96 = 5$ per cent significance level; t -values $> 2.58 = 1$ per cent significance level.

Results

Initially, all scales were tested for reliability and were found to be satisfactory (see Table II).

Due to the uneven gender distribution in our sample, we tested whether gender had an effect on the prevalence of leadership styles. Results show no statistically significant differences in female and male scores on leadership styles; neither at T1 nor at T2 (see Table III). As our study includes followers from a public and a private organization, we also tested whether organization type had an effect on the prevalence of leadership styles. Results show no statistically significant difference between public and private organization followers' scores on transactional leadership. We did find a significantly higher level of transformational leadership reported by private followers at both T1 and T2.

We then modelled a reduced model (Model 1) (see Figure 1, Table IV) testing our hypotheses ($H1$ and $H2$) on indirect mechanisms in change appraisal. In the support of $H1$ and $H2$, the model revealed a close to acceptable fit, RMSEA = 0.10, AGFI = 0.91,

Scale	<i>M</i>	SD	α	1	2	3	4	5	6
1. Transformational T1	60.98	18.79	0.92	1					
2. Transformational T2	62.58	18.38	0.93	0.48**	1				
3. Transactional T1	60.88	20.94	0.84	0.79**	0.46**	1			
4. Transactional T2	59.26	20.21	0.85	0.38**	0.78**	0.40**	1		
5. Engagement	58.26	20.07	0.89	0.26**	0.56**	0.32**	0.54**	1	
6. Change appraisal	42.83	17.41	0.84	0.14	0.37**	0.06	0.32**	0.60**	1

Notes: $n = 351$. ** $p < 0.01$ (two-tailed)

Table II.
Means, standard deviations, and zero-order correlations for scales

Table III.
Independent samples
t-tests of leadership
styles for gender and
organization type

	Gender		<i>t</i>	df	Organization type		<i>t</i>	df
	Females	Males			Public	Private		
Transformational leadership T1	60.33 (19.33)	63.02 (17.02)	-0.86	197	58.60 (19.47)	65.88 (16.38)	-2.60**	197
Transformational leadership T2	61.83 (19.66)	64.32 (14.89)	-1.29	251	60.71 (19.64)	65.24 (16.12)	-2.34*	334
Transactional leadership T1	60.97 (21.03)	60.60 (20.91)	0.10	175	60.94 (21.03)	60.77 (20.95)	0.05	175
Transactional leadership T2	58.66 (20.72)	60.66 (18.98)	-0.84	341	58.73 (20.46)	60.02 (19.89)	-0.58	341

Notes: *n* = 351. The table contains results from two separate *t*-test analyses. Standard deviations appear in parentheses below means. Gender; 1 = female, 2 = male. Organization type; 1 = public, 2 = private. **p* < 0.05; ***p* < 0.01

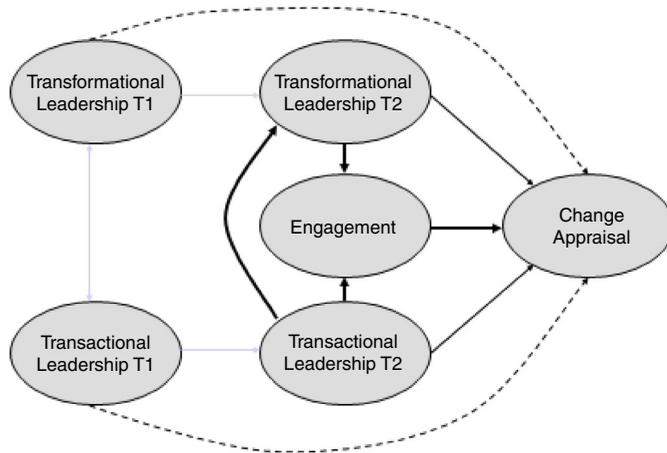


Figure 1.
Path diagram
for explanatory
Models 1-3

Notes: *n* = 351. Model specification. Grey arrows represent stability indices; Model 1 (bold arrows); Model 2 (bold and full arrows); and Model 3 (bold and broken arrows)

Table IV.
Model comparison

	χ^2	df	NNFI	CFI	AGFI	RMSEA	Model comparison	$\Delta\chi^2$	Δ df
Model 1	37.82**	8	0.95	0.97	0.91	0.10	-	-	-
Model 2	36.61**	6	0.93	0.97	0.88	0.12	M1-M2	1.21	2
Model 3	13.40*	6	0.98	0.99	0.96	0.06	M1-M3***	24.42	2
Null model	1,170.17	15	-	-	-	-	-	-	-

Notes: χ^2 , Chi-square; df, degrees of freedom; NNFI, non-normed fit index; CFI, comparative fit index; AGFI, adjusted goodness-of-fit index; RMSEA, root mean square error of approximation; $\Delta\chi^2$, Chi-square difference; Δ df, difference in degrees of freedom; null model is the independent model. **p* < 0.05; ***p* < 0.01; ****p* < 0.001

CFI = 0.97, NNFI = 0.95, $\chi^2 = 37.82$. All predicted relationships had significant loadings and followed the predicted direction in the model. The relationships between transactional leadership at T2 and engagement, $\beta = 0.23$, $t = 3.41$, $p < 0.01$, and transformational leadership at T2 and engagement, $\beta = 0.43$, $t = 5.76$, $p < 0.01$, were both positive and significant. Furthermore, engagement had a positive, significant relationship with change appraisal, $\beta = 0.53$, $t = 14.31$, $p < 0.01$. The relationship between transactional leadership at T2 and transformational leadership at T2 was also positive, $\beta = 0.64$, $t = 20.70$, $p < 0.01$, therefore confirming our theoretical understanding of transactional leadership as a foundation of and impacting factor to transformational leadership. Stability indices indicated a low to moderate level of stability for both transactional, $\gamma = 0.38$, $t = 7.92$, $p < 0.01$ and transformational leadership, $\gamma = 0.20$, $t = 5.94$, $p = 0.01$. The correlation between transactional and transformational leadership at T1 was high, $r = .78$, $t = 11.46$, $p < 0.01$.

In Model 2, we added direct relationships (Figure 1, Table IV), thus testing a full model comprising all hypotheses concurrently. The model did not reveal an acceptable fit, RMSEA = 0.12, AGFI = 0.88, CFI = 0.97, NNFI = 0.93, $\chi^2 = 36.61$. All predicted relationships in the nested model were identical to the relationships in Model 1 except for a small change in the relationship between engagement and change appraisal. The relationship maintained its significance level, $\beta = 0.52$, $t = 11.37$, $p < 0.01$. We found a non-significant, positive relationship for transformational leadership, $\beta = 0.08$, $t = 1.13$. and thereby no support for *H3*. For transactional leadership the relationship was non-significant and negative, $\beta = -0.05$, $t = -0.94$ thus providing support for *H4*. Accordingly, the inclusion of structural paths between leadership styles at T2 and change appraisal did not improve the model (see Table IV), M1-M2: $\Delta\chi^2(2) = 1.21$, ns.

Both leadership styles at T2 did not relate significantly to change appraisal. The observed non-acceptable fit could be explained by the theoretical model, the measurement model, or both. Modification indices for Model 2 propose the inclusion of a structural path from transactional leadership at T1 to change appraisal. Following, we decided to test an elaborated version of our model by substituting T2 with T1 in the structural paths between leadership styles and change appraisal.

The results of the SEM reveal that the elaborated model, Model 3 (Figure 1, Table IV) has a good fit to data, RMSEA = 0.06, AGFI = 0.96, CFI = 0.99, NNFI = 0.98, $\chi^2 = 13.40$. The added relationships between T1 leadership styles and positive appraisal were significant. The relationship for transformational leadership was positive, $\beta = 0.21$, $t = 3.53$, $p < 0.01$, while for transactional leadership it was negative, $\beta = -0.28$, $t = -5.10$, $p < 0.01$. The structural relationships did not change greatly in Model 3. The relationships between transactional leadership at T2 and engagement, $\beta = 0.23$, $t = 3.41$, $p < 0.01$, and transformational leadership at T2 and engagement, $\beta = 0.43$, $t = 5.76$, $p < 0.01$, remained positive and significant. Furthermore, engagement maintained its positive, significant relationship with change appraisal, $\beta = 0.57$, $t = 15.43$, $p < 0.01$. The relationship between T2 transactional leadership and T2 transformational leadership also remained positive, $\beta = 0.64$, $t = 20.70$, $p < 0.01$. The inclusion of the paths between leadership styles at T1 and change appraisal lead to a significant improvement of the model (see Table IV), M1-M3: $\Delta\chi^2(2) = 24.42$, $p < 0.001$. The coefficients of the added paths were both significant.

Modification indices for Model 3 suggest no modifications to the model as the model fits data well. Altogether, Model 3 explains 42 per cent of the variance in change appraisal and 35 per cent of the variance in engagement.

Discussion

Two major outcomes emerge from our study: first, we found that – through manager engagement in change – leadership style is indirectly related to the change appraisal of followers. Corresponding to our hypotheses, both transformational and transactional leadership styles were positively related to the engagement of managers. Both leadership styles – as general expressions of espoused leadership – therefore constitute a platform for enacted engagement to be expressed. Thus, leadership styles relate positively to all three manager engagement elements, those being participation, information delivery, and commitment. Additionally, supporting our expectation, we found that followers' change appraisal was influenced by manager engagement.

Second, we found that leadership style had a significant, direct impact on followers' appraisal of change. While we did not find cross-sectional relationships, our model suggests that leadership style has a long-term effect on followers' change appraisal. Appraisal therefore seems to be influenced by leadership style expressed during the initial phases of the organizational change process and not by the leadership style expressed during the final phases. From a statistical perspective, the difference between T1 and T2 leadership in predicting change appraisal may relate to the stability of measures. We found high reliabilities for leadership styles at T1 and T2, but moderate stability indices. The moderate stability of measures over time may nevertheless be explained by the intervening organizational change taking place between the two times. From a theoretical perspective, the long-term effect of leadership style on followers' change appraisal may be explained by the relational nature of leadership style which builds up over time and through interactions (Herold *et al.*, 2008). Building behavioural integrity, through which transformational leadership can support successful change (Simons, 1999, 2002), may take time and therefore cause no immediate effects.

Overall, our results suggest that managers impact followers' change appraisal differently at different stages of change. During the initial stage of change, we found that both leadership styles (the espoused values) impacted followers' long-term change appraisal. Transformational leadership had a positive, long-term effect on followers' appraisal of change. Thus, when preparing for and implementing change, the more managers are visionary change role models, the more followers appraise the change positively during the final stages of change. Contrarily, transactional leadership performed during the initial stage of change, has a negative effect on followers' change appraisal. Being a dynamic process, change may thus potentially be less supported by an exchange relationship based on a quid pro quo leadership style. Hence, introducing a change process by ensuring compliance and consistency through rewards and exchange seems to have negative effect on how followers' change appraisal.

During the later stages of change, leadership styles do not seem to play an important role in directly determining the change appraisal of followers. What seems to matter more, is how managers actively engage in change, thus the enacted values. However, both transformational and transactional leadership styles positively support managers' change engagement.

Limitations

Several limitations of our study deserve mention. Our paper, for example, is based on follower questionnaires and common source variance is usually a concern in studies based on data from one source. However, as data were collected at two time points and

analyses were performed across individuals, potential concerns related to common source variance should be reduced.

Our study was performed in two organizations: one public (mainly female) and one private (mainly male). We found no effect of gender on any of the two leadership styles, suggesting that the uneven gender distribution did not impact on our results and ability to generalize from them. However, with regard to organization type, we found that followers in the private organization reported a higher level of transformational leadership at both T1 and T2. With only two organizations in our study, we are not able to determine whether this difference is indeed an expression of differences in organization type. Thus, there may be some contextual nuances to our findings that call for further research.

The study was conducted while the organizations underwent a planned change process towards team organization. However, when the content and purpose of change differs as, for example, in restructuring and downsizing, outcomes and processes at both organizational and individual levels may also differ. Thus, generalizations from our study to other types of organizational change should only be made tentatively. However, such does not automatically exclude our results from being relevant in relation to various forms of change. Future research into the mechanisms of the process of change in different types of change would be instructive.

We initially applied baseline measures to test the stability of measures. However, during analysis, we also identified longitudinal effects of leadership style on followers' change appraisal. As these effects may be spurious, further research is called for to test and understand such relationships further.

Implications for research and practice

Our findings complement previous studies on organizational change, by investigating the role of leadership style and manager engagement at different stages of the change process in developing follower change appraisal. As followers also impact processes and outcomes of change, their appraisals becomes crucial in securing desired organizational and individual outcomes. Leadership styles and manager engagement seem imperative in promoting such appraisal and consequently supporting positive processes and outcomes of change.

The findings of our study support the contingency approach to leadership behaviour (Fiedler, 1967) and the theory of situational leadership (Vroom and Jago, 2007) suggesting that there may be a "right style for the right situation". Our study thus provides applicable knowledge for developing policies and strategies for organizational change. Transformational leadership may be an effective approach to enhance followers' positive appraisal of change. As this leadership style reveals both long-term and short-term positive effects, directly and indirectly, strategically increasing managers' transformational potential may well benefit the entire process of change. During the last stages of change, managers' direct engagement in change is associated with followers' change appraisal. Thus awareness of managers' role in communicating important information, interpreting the individual consequences, and working actively and positively towards the change may be an area of positive investment for organizations in change. Our results may thus have implications for change management, suggesting a long-term focus on managers' abilities to perform both transformational leadership and to engage themselves specifically in the change. While transformational leadership is "trainable" (Kelloway and Barling, 2000) our

findings suggest taking a training, sensibilizing approach to developing managers' change leadership skills.

A large amount of variance in followers' change appraisal is explained by leadership styles and managers' engagement in change. However, additional explanatory variables and mechanisms should be investigated in order to explain the residual variance observed in the present study.

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