Investigating the Influence of Employee Attitude toward Change and Leadership Style on Change Readiness by SEM (Case Study: Isfahan Municipality)

Ali Faghihi
Corresponding Author: Master Student of Urban Management, Management Faculty of Tehran University, Iran
Email: Faghihi@ut.ac.ir

Sayyed Mohsen Allameh
Department of Management, University of Isfahan, Iran
Email: Dr_allameh@yahoo.com

Abstract

Change has become a normal occurrence within organizations and especially municipalities, due to the rapid society and economic changes. In a competitive global economy, organizations are forced to stay abreast with environmental changes in order to survive. Employee readiness for change can be a determining factor of successful change. To recognize antecedents of change readiness, the present study has conducted two variables of employee's attitude toward change as individual aspect and leadership style as organizational aspect of change readiness. The hypotheses have been tested by SEM on sample case of Isfahan municipality as a powerful organization which deals with change. The results have indicated that there are positive significant relationships between employee's attitude toward change and employee readiness and also change-oriented leadership style and employee readiness.

Keywords: Employee's attitude toward change, employee readiness for change, change-oriented leadership style, municipality, SEM

1. Introduction

Today's business world is highly competitive. The way to survive is to reshape to the needs of a rapidly changing world. Resistance to change is a dead-end street for organizations. Customers not only demand excellent service but demand extra benefits along with it. If organizations do not supply it, their competitors will. Organizations are reshaping themselves to change quickly in order to meet the needs of their customers. The organization's top leaders are facing resource scarcity, they cannot throw money at every issue in order to work effectively know they need highly committed and flexible workers. As a leader, managers need to emphasize on actions and need to make changes, as quick and smooth as possible.
It is people who make up organizations and it is they who are the real source of, and vehicle for, change. They are the ones who will either embrace or resist change. If organization’s need change in order to take hold and succeed, then organizations and the people working in them must be ready for transformation. Readiness for change is not automatic and it cannot be assumed. A failure to assess organizational and individual change readiness may result in spending significant time and energy in wrong direction. An investment in developing change readiness – at both an individual and whole-of-organizational level – can achieve a double benefit (Smith, 2005).

Levels of readiness for change are viewed as a precursor to resistance or acceptance to change. If there is readiness to change in an organization the change effort will have a higher chance to succeed. The opposite is also true. If there is a low level of readiness for change, then the success of the planned change may be diminished (Elving & Bennebroek Gravenhorst, 2009). Cochran et al. (2002) stated that employee readiness for change is significant when associated with receptivity to change. The perception of readiness for change may predict the employee's level of receptivity to change.

Readiness for change is the cognitive precursor to behavior of either resistance or support for a change effort (Elving et al., 2009). Readiness for change is reflected in the employee's beliefs, attitudes and intentions regarding the extent to which changes are needed and the organization's ability to successfully complete the intended change. If employees are not ready for organizational change, conflicts between organizational leaders and members may be encountered. For the desired outcome to occur, conflicts have to be resolved so that the employee's beliefs and cognitions align with those of the organization's management (Holt, Armenakis, Field & Harris, 2007).

Therefore, in the present study we applied two variables to wrap both aspects of change readiness: employee's attitude toward change as individual aspect and leadership style as organizational aspect.

An attitude is referred to as a hypothetical construct representing an individual's degree of like or dislike for an item. Attitudes are generally positive or negative views of a person, place, thing, or event (Bagherian et al., 2009). These views are often referred as the attitude object. In this instance the attitude object is referred as the individuals’ view of the change and is not a physical entity independent of the individual (Visagie, 2010).

Elias (2009) defines attitudes towards organizational change as an employee's overall positive or negative evaluative judgment of a change initiative implemented by their organization. Bianey, Ulloa and Adams (2004), define attitudes towards change as the internal state that influences individual's choices of personal action, or a response tendency towards the change. Attitudes towards change may be defined as certain regularities of an individual's feelings, thoughts and predispositions to act towards some aspect of his or her environment (Visagie, 2010).
Consistent with previous research, this study suggests that leaders (i.e., principals) may be an important target for increasing community readiness for change. Further research is needed to uncover facets behind why principals’ readiness and the leadership dimension decreased after Ready for Recess. This decrease may be due to premature commitment to the intervention, the attraction of incentives (i.e., staff training and/or equipment), and/or the perceived efforts required in implementing the intervention. Recess staff and teachers, both directly involved in the implementation of Ready for Recess, decreased in readiness from baseline to post-intervention.

In the following, after literature review, we test the hypotheses to find the relationships among change readiness, employee’s attitude toward change and leadership style.

2. Literature Review

2.1. Employee Readiness For Change

Change is concerned with solving the problems and challenges of an organization. In the literature it has been defined as breaking down existing structures and creating new ones (Chonko, 2004). Eventually, change is transformation of an organization between two points in time. Such situation can develop uncertainty, anxiety and ambiguity because of differences in individual life experiences, motivational levels, socio-demographic characteristics, knowledge, attitudes, and behavioral patterns. Change might be small or large but its affects on employee attitude and behavior might be huge (Shah and Shah, 2010).

To overcome employees’ nervousness, management and change agents have focused extensively on employee readiness predictor variables (Cinite et al., 2009). In the literature, readiness is defined as an employee’s beliefs, thoughts, and behaviors to accept the needs and capability of an organization. Readiness is known as a cognitive precursor to behaviors of either resistance or support (Armenakis et al., 1993). The literature reveals that employee readiness factors have a significant impact in preparing them mentally and physically for immediate action (Madsen, 2003).

In the literature many predictor variables have been examined by many researchers to determine employee attitudes and behaviors in the domain of change management. Shah and Shah (2010), have studied employees’ readiness for change. They stated, Miller et al. (2006) focused on employees’ readiness for change by examining three workplace factors – management/leader relationships, job knowledge and skills, and job demands – and found a significant influence on employees’ readiness for change. Rafferty and Simons (2006) focused on the factors that create readiness for two types of change: corporate transformation and fine-tuning. A recent research study conducted by Holt et al. (2007) received 464 responses to a questionnaire survey from full-time employees in public and private companies in Northern Utah. Using a structured questionnaire and responses from 878 employees of a public sector organization in Turkey, Erturk (2008) found through structural equation modeling that trust in supervisors mediates between managerial communication and openness to change, and also
found a partial relation between participation and openness to change via trust in supervisors. Readiness for change is influenced by employees’ beliefs of self-efficacy, appropriateness, management support, and personal valence (Shah and Shah, 2010).

The above literature reveals that is has always been necessary to know the attitudes and behaviors of employees and management regarding organizational change.

By reviewing formerly literatures related to change readiness we assumed that:

**H1**: Employee's attitudes toward change and leadership style are positively related to readiness for change among employees.

### 2.2. Employee Attitude Toward Change

Chang and tendency to change among employees is important elements of agile organizations which have been discussed in numerous researches earlier. Arnold et al. (1995) indicated that “attitudes reflect a person’s tendency to feel, think or behave in a positive or negative manner towards the object of the attitude”. Ajzen (1985), conceptualized that "Attitude explains a person’s favorable or unfavorable assessment regarding the behavior in question". Vijayasarathy (2004) defines, attitude as the individuals’ belief that a product, service or concept is a good idea. As a consequence, the individual shows a clear predisposition for that element. Attitudes are conventionally considered as an indicator of the effectiveness of work performance and organizational productivity in organizations.

Most psychologists consider attitudes as mental predispositions, as an individual’s tendency to react in a certain manner, be it favorable or unfavorable, towards a certain aspect of reality. Attitude is practically manifested by the coherence and consistency of individual behavior, which allows its experimental study. Attitudes may be interpreted as a personality dimension coming to the fore in the individual’s behavior towards others or certain situations (Anghelache et al., 2011).

Positive attitudes changes were found to be vital in achieving organizational goals and in succeeding change programmes (Eby et al., 2000). The most important factor behind failure of change initiatives is employees’ resistance to change, which is closely linked with the development of negative attitudes to change. Employee attitudes toward change can impact their morale, productivity and turnover intentions (Eby et al., 2000). Scientifically speaking, the issue of attitude change has raised the interest of many a researcher, who, despite being unable to identify a general theory of attitude change, have nevertheless outlined various theoretical models attempting to partially explain the causes of attitude change.

For instance, the theories of consistency/congruity, common in the late 50s, see attitude change as a rational process, due to the individuals’ motivation to maintain, in the eyes of the others, a certain consistency in what they do or say, so that there are no discrepancies between their attitudes and their actions. In the vein of cognitive psychology, these theories maintain
the prediction of attitude change, in the sense of obtaining balance and consonance, increased congruity and desirability of forbidden actions (Anghelache et al., 2011).

We believe that attitude towards change is based on the model by Dunham et al., (1989) which has been used by Kursunoglu and Tanriogen (2009) in their study on instructional leadership behaviors and its relation to attitude towards change in school organization. Attitude towards change is studied based on three aspects, namely cognitive, affective and behavioral. The Cognitive aspect refers to change views that focuses on the advantages and disadvantages, benefits, requirements and knowledge needed to manage change. The Affective aspects refer to feelings associated with dissatisfaction and concern in making changes. The Behavioral aspect refers to the action taken or to be taken in the future in the face of change or in resisting change.

Therefore, by widely investigating formerly researches, we assumed that:

H2: employees' attitudes toward change are positively related to employees' readiness for change.

2.3. Leadership Style: Change-Oriented Leadership

Leadership style represents an important aspect of leadership. In agile environments and changing situation, what can survive organization is proper leadership style. Its significance stems from the contribution it makes to the organization’s success. For example, Gebert and Steinkamp (1991) argue that there is a close relationship between the economic success of an organization and leadership style used. Leadership style also has a significant impact on performance (Yousef, 1998).

Organizational success in obtaining its goals and objectives depends on managers and their leadership style. By using appropriate leadership styles, managers can affect productivity. Leadership style can be viewed as a series of managerial attitudes, behaviors, characteristics and skills based on individual and organizational values, leadership interests and reliability of employees in different situations (Mosadeghrad et al., 2006). It is the ability of a leader to influence subordinates to perform at their highest capability. This factor captures the extent to which management respects workers, operates with honesty and integrity, promotes efficiency, and has open lines of communication with employees (Aronson et al., 2003). In this light, we can conclude that leadership style has a consistent influence on the organizations’ productivity and profitability especially when changes are required.

There are several styles of leadership such as: autocratic, bureaucratic, laissez-faire, charismatic, democratic, participative, situational, transactional, and transformational leadership ((Mosadeghrad et al., 2006)). Not everyone agrees that a particular style of leadership will result in the most effective form of organizational behavior. Different styles were needed for different situations and each leader needed to know when to exhibit a particular approach. A single leadership style is never an ideal for every situation, since a leader
may have knowledge and skills to act effectively in one situation but may not emerge as effectively in a different situation (Mosadeghrad et al., 2006).

In the present article, Change-oriented leadership is discussed as a proper style for organizational change. As a consequence of globalization, application of new technologies, coping with a turbulent environment, etc., organizations face with ongoing processes of transformation. They assign the responsibility of anticipating change and providing guidance to their managers, executives and leaders (Kotter, 1990) who need new roles. The transformational and charismatic leadership theories refer to certain kinds of change-oriented behavior, and there is considerable evidence that such patterns are related to effective leadership, as shown in the meta-analysis carried out by Lowe et al. (1996).

The tri-dimensional model proposed by Yukl (2004) is compatible with the transformational and charismatic leadership theories, although its aim is in fact to explain leadership processes at a different conceptual level of analysis. This model seeks to describe the influence of leaders on organizational processes (rather than on the motivation and perceptions of subordinates), analyze contingent (as opposed to universal) aspects of effective leadership, and highlight the importance of leadership processes (instead of focusing on a leader figure). It also represents an effort to identify the behavior patterns that make up each category, in such a way that: each type of behavior is observable, is potentially applicable to leaders of all kinds in organizations, is fundamentally relevant to the category in question, and is based on prior theory and research (Gil et al., 2005).

This category comprises the following behavior sets: monitoring the environment, encouraging innovative thinking, explaining need for change, envisioning change, and taking personal risks (Gil et al., 2005).

Therefore, by widely investigating formerly researches, we assumed that:

**H3: change-oriented leadership style is positively related to employees' readiness for change.**

3. Methodology

3.1. Case study: Isfahan Municipality

Most municipalities have experienced significant change since their incorporation, including urbanization, population, economic and changes in citizens' expectations. For some municipalities, change has meant continued growth and prosperity. For others, change has meant new approaches are necessary for long-term sustainability. To effectively manage change, municipalities are seeking new approaches to both governance and service delivery. Isfahan municipality operates in a dynamic environment too. They have seen significant changes in recent years and continue to be faced with changes - change that challenges the status quo. Regions of municipality have to deal with the impact of these changes, including demands for new and different services, pressure to keep taxes low, and infrastructure needs.
Municipalities need to position themselves for the future to deal with the pressures. They must find new ways of doing business. As everyone knows, changes are evitable. Isfahan municipality has 14 regions. By clustering sampling we chose 5 regions randomly and considered these four regions’ as employee statistic sample. The sample case randomly was chosen by regarding to Morgan table. It confirmed that adequate sample size is of 105 employees. Data collection was carried out through personal administration of survey instruments at municipalities and through dispersing randomly within organizations among employees.

3.2. Measures

To assess the hypotheses, we conducted the multi dimensional survey with four parts. In the first part, a series of single-statement items were used to collect information on participants’ demographic variables such as age, gender, and tenure. The next part assessed employee's readiness. The survey assessing readiness for organizational change used 14 items applied by Shah and Shah (2010) based on Hanpachern’s original scale. Sample items include: “My willingness to work more because of the change is . . .” and “my willingness to find ways to make the change fail is . . .’’. Participants were asked to tick one of five numbers on a Likert scale (1=very unlikely and 5=very likely).

For the third part, the measurement scale for the attitude towards change (Dunham and Pierce, 1989) was pre-tested on a lot of 30 subjects, and as a result of the item analysis through the alpha Cronbach’s method; a number of 5 items were removed. The questionnaire for assessing attitude towards change is studied based on three aspects, namely cognitive, affective and behavioral. We asked from the participants to rate the extent to which they agree with each item on a five-point scale ranging from strongly disagree (1) to strongly agree (5).

In the last part, behavior associated with change-oriented leadership is evaluated using a recent version of questionnaire, managerial practices survey (TRCQ-15G), designed by Yukl on the basis of earlier inventories (Yukl, 2004). Earlier studies have demonstrated that the psychometric characteristics of this questionnaire are appropriate (Yukl, 2004). The change-oriented leadership scale contains five subscales with four items each. These subscales are monitoring the environment; encouraging innovative thinking; explaining need for change; envisioning change; and taking personal risks (Gil et al., 2005). We asked from the participants to rate the extent to which they agree with each item on a five-point scale ranging from strongly disagree (1) to strongly agree (5).

3.3. Validity And Reliability

In order to analyze reliability, Cronbach’s a coefficient and the composite reliability coefficients were calculated. These indices reflect the degree of internal consistency of the observed variables, that is to say, the extent to which they represent the common latent variable. Cronbach’s a coefficient in all cases was over 0.7, the criterion usually considered to identify strict internal consistency (Hair et al., 1998), exceeding the value of 0.6 recommended in
exploratory studies (Hair et al., 1998). In all cases, the composite reliability coefficient was above the minimum level of 0.6 recommended.

The next step was to analyze the content, convergent and discriminate validity of the measurement scales used.

Content validity indicates that the items included in the survey correctly represent the concept to be analyzed. Since, the scales were built on the basis of the previous literature and therefore include items used in scales that had already been validated for measuring similar concepts and assessed by case studies and the questionnaire pre-test, it was considered that each item had the necessary content validity.

Convergent validity measures the degree to which the different scales used to measure a latent factor are correlated. A measurement has convergent validity if it converges in the same model as the rest of the measurements that form part of the same concept. Steenkamp and Van Trijp (1991) link the convergent validity of a concept and its corresponding scale of measurement with the significance of the coefficients of the standardized regression factor between the group of explained variables of the scale and their corresponding latent saturation variable. To test convergent validity, the t coefficients that measure the relation between the observed and the latent variable were analyzed. All the standardized factor loadings were statistically significant at a 95 per cent confidence level (t=1.96, weak condition) and exceeded 0.5 (strong condition).

Discriminant validity measures the degree to which the specified latent factors differ even though they are correlated (Hair et al., 1998). Each construct should be sufficiently different from the others to justify its existence. In order to check discriminate validity, the confidence intervals of the correlation between each pair of dimensions or scales were calculated. Discriminant validity of the scales was confirmed because none of the confidence intervals contained the value 1 at a 95 per cent confidence level (Vázquez et al., 2007).

4. Results

After validating the scales, the conceptual model was evaluated. A structural equation model was used to test the data and check the hypotheses. This methodology was chosen because of the advantages offered by multivariate analysis in comparison with other techniques, as stated by Hair et al. (1998). Firstly, structural equation modeling adopts a confirmatory rather than an exploratory approach for data analysis. Secondly, while traditional multivariate procedures cannot measure or correct measurement errors, structural equation modeling offers explicit estimates of these parameters.

Finally, while data analysis using other methods is based only on observable measurements, in structural equation modeling both observable and non-observable or latent variables can be included. This is essential because “change readiness includes a number of intangible dimensions and elements that are difficult to quantify and are systematically related” (Vázquez
This methodology allowed statistical validation of the model by means of simultaneous analysis of the complete system of variables and the links between them, determining the degree to which this is consistent with the data (Vázquez et al., 2007). So, if the goodness of fit of the model is appropriate, the plausibility of the relations between the variables can be confirmed; if not, these relations are not valid.

The model fit of the research model in this study was tested using AMOS 18.0. Researchers typically employ different indices to determine model fit. Four measures were used to assess the fit of structural models: the goodness of fit index (GFI), the adjusted goodness of fit index (AGFI), comparative fit index (CFI) and root mean square error of approximation (RMSEA). First a single-factor model (for all the three study variables) was estimated change readiness, employee's attitude and leadership style. This model turned out to be a very good fit to the data (CMIN (x 2/df) =1.82, p =0.01, GFI=0.94, AGFI=0.95, CFI = 0.94, RMSEA = 0.04). All the items were significant predictors of their respective latent variables. The results for goodness of fit in the proposed model were acceptable. Therefore, the hypothesis 1 was accepted.

As we assumed in hypothesis 2, there was a significant relationship between employee's attitude toward change and employee's change readiness (β=0.845, C.R = 7.778, p=0.01). The indicators of (β=0.798, C.R = 7.105, p=0.01) provides support to the third hypothesis which mentioned the significant relationship between leadership style and employee's change readiness. Figure 1 shows the final modified model of structural equations in the set of concepts being studied. As it is indicated in figure 1 all hypotheses were confirmed.

![Final modified model](image-url)
5. Discussion

Change is essential and ongoing phenomenon that organization face on daily basis and it directly affects employee either positively or negatively. Reactions of employ are important to the organization’s performance and development both. To predict employees’ attitudes, behaviors and expectations is very difficult task as they fluctuate from hour to hour and sometimes from moment to moment (Davis, 1979). Change management literature shows that employee beliefs, perceptions and attitudes are critical in successful organizational change (Weber and Weber, 2001). Change is further complicated as it does not always produce a direct adjustment. Each employee's attitude produces a different response that is conditioned by feelings towards the change.

On the other hand, leadership style is a determined factor of successful change within organizations. Leadership is more than an individual acting in a position. It is a process in which change initiatives must emanate from key stakeholders, all of whom are engaged in that process. Randall and Coakley (2007) illustrated the greater potential for successful change initiatives offered by the adaptive leadership model. In this regard this study was developed on the basis of relationships of employee attitude and leadership with employee readiness for change.

Employee attitudes may be influenced by different socio-economic, political, religious and cultural factors (Shah, 2011). Researcher believes that employee of the organization act on the basis of social settings and subject of organization decisions. In that, specifically employees were more likely to accept change when they receive fairness and equality of outcomes. As we found, employee attitude is a good predictor of change readiness in organization, therefore, for successful change, initially employees' attitudes should be assessed and then prepared for change. Preparing and changing mind is leader's responsibility. Leadership and specifically, leadership style is another predictor of change readiness which was recognized in this research. These two variables were not investigated together in the last studies. As we found here, they both are significant predictors of change readiness.

6. Conclusion, Implications, Limitations

This research work provides empirical justification for a framework that identifies the three factors of employee's attitude toward change and leadership style as antecedents of employee readiness to change. We conducted Isfahan municipality as a sample case to test the hypotheses. The results confirmed all three hypotheses and the fitness of structural model by AMOS through SEM method.

The municipalities should be noted that achieving and sustaining effective organizational change and renewal is an imperative. The employees in municipalities can be either the key to achieving effective change, or the biggest obstacles to success. The price of failed change efforts can be high, including widespread loss of credibility on the part of leaders and managers.
and entrenchment of employee opposition to future change efforts. Managers who attempt to achieve organizational change will be well served by paying attention to the need to create readiness for change – at both ends the individual employee and whole-of-organization level – and the ways in which this may be achieved.

The considerable limitation during conducting this research was lack of previous related studies to determine all elements of employee attitude, leadership style and employee readiness for change. To fill this gap, the present research successfully linked these three factors.

References


Anghelache, Valerica; Corina Ben, Cristina (2011) Educational changes and teachers’ attitude towards change, Social and Behavioral Sciences, 33, pp 593-597.


Visagie, Cameron Maurice, "The relationship between employee attitudes towards planned organisational change and organisational commitment: an investigation of a selected case within the South African telecommunications industry" (2010). CPUT Theses & Dissertations, Paper 145
