

AUTHENTIC LEADERSHIP AND PLANNED ORGANISATIONAL CHANGE IMPLEMENTATION: THE MEDIATING ROLE OF LEADER-MEMBER EXCHANGE

Mulatu Mebrate Seifu*, Matiwos Ensermu Jalata**

Abstract *This study is an empirical research conducted to examine if leader-member exchange (LMX) positively mediates the effect of authentic leadership (AL) on planned organisational change implementation (POCI). To conduct the study, the research considered the case of the banking industry in Ethiopia as the target population, with particular emphasis on the Commercial Bank of Ethiopia (CBE), a government bank, and Oromia International Bank (OIB), a privately owned bank. The respondents of the study are 312 randomly selected branch managers and assistant branch managers of both banks operating in the Addis Ababa district. The research adopted quantitative and two-phase cross-sectional research design. Regarding the data used for the analysis for this research, the predicting variables (AL and LMX) were taken from assistant branch managers and the data on POCI was taken from branch managers. To test the magnitude of the relationship, the research mainly employed Pearson's coefficient of correlation and the mediation analysis was conducted using Hayes's PROCESS MACRO Model 4 with a bootstrap of 5,000 and confidence interval of 95%. Based on the statistical outcome, the study has found that there is a statistically significant positive correlation between the predicting (AL), the mediating (LMX), and the outcome variables (POCI). Moreover, the study unveiled that leader-member exchange positively mediates the effect of authentic leadership on planned organisational change implementation, which is in congruence with the hypothesis set.*

Keywords: *Authentic Leadership, Leader-Member Exchange, Planned Organisational Change Implementation*

INTRODUCTION

Organisations by their very nature are open systems that are constantly in an exchange and interaction with their surrounding environmental factors (Ikinici, 2014). On the other hand, today's environmental context in which organisations operate is VUCA – volatile, uncertain, complex, and ambiguous (Bolman & Deal, 2015). As a result, organisations face the ever-changing requirements of their stakeholders, change in regulation, fast pace of technological changes, and stiff competition from their rivals (Belias & Kuostelios, 2014). Yet, organisations need to ensure their sustainable existence and fit into such a world. To this end, they need to be capable of adapting to new situations and environments and exert planned efforts to reshape their approaches (Bennett & Lemoine, 2014). In such cases, change is not only inevitable, but is necessary as well.

Among the several categories of organisational changes, two of them, namely planned and emergent changes,

are frequently stated in literature (By, 2005; Bamford & Forrester, 2003). Planned change is a pre-meditated intervention intended to modify the functioning of an organisation (Battilana & Casciaro, 2012). Unequivocally, it is an intentional design and implementation of a structural innovation, a new policy or goal, or a change in operating technology, philosophy, or climate (Bartunek et al., 2011). The planned approach to change emphasises the importance of understanding the different states which an organisation will have to go through to move from an undesirable state to an identified desired state (Eldrod II & Tippett, 2002). On the other hand, emergent change stresses the unpredictable nature of change, and views it as a process that develops through the relationship of a multitude of variables within an organisation and its interaction with the external environment (By, 2005). This approach emphasises that change should not be perceived as a series of linear events within a given period of time, but as a continuous open-ended process of adjustment to changing circumstances and conditions (Carol, 2015).

* Lecturer, Addis Ababa University, College of Business & Economics, School of Commerce, Ethiopia.
Email: mulatu.mebratu@aau.edu.et

** Associate Professor, Addis Ababa University, College of Business and Economics, School of Commerce; Vice President for Administration and Student Services (AAU), Ethiopia. Email: matiwos.ensermu@aau.edu.et

This study emphasised planned organisational change implementation (POCI), which denotes the ability to successfully turn planned organisational change initiatives into reality (Johnston et al., 2017). Planned organisational change approach is chosen because it is flexible enough to permit consultation and participation from organisational members at all levels, and it gives a better chance for a leader to select among the alternative leadership approaches and models (Carol, 2015). Change implementation is emphasised because of its critical importance in change management process as even the most carefully planned change programmes may end up as a failure due to mediocre implementation (Johnston et al., 2017).

The leadership model followed by the leaders is among the set of factors that contributes to the implementation of planned organisational changes (Alavi & Gill, 2017; Belias & Koustelios, 2014; Baesu & Bejinaru, 2013; Daft, 2008; Herold et al., 2008). This study takes authentic leadership (AL) as an independent variable to see its effect on the implementation of planned organisational change as mediated by leader–member exchange (LMX). The LMX theory of leadership has developed into a significant area of scientific examination and has gained considerable empirical research emphasis in the organisational sciences (Breevaart et al., 2015; Anand et al., 2011). The LMX represents a relationship-based approach to leadership that emphasises two-way (dyadic) rapport between leaders and followers (Graen & Uhl-Bien, 1995). The theory elucidates that leaders establish a relationship with their subordinates and the quality of LMX then determines the subordinates' work behaviours and actions (Deluga, 1998). LMX is selected as an important mediating variable because authentic leaders can foster an environment that helps followers develop a good quality relationship with their leaders, which consequently results in an effective collaboration between the two parties for the implementation of planned organisational change (Alavi & Gill, 2017).

This study is an empirical research which examines the effect of AL practiced by branch managers on implementation of planned organisational change by assistant branch managers as mediated by LMX. It takes into consideration the case of the banking industry in Ethiopia. In particular, the giant government bank, the Commercial Bank of Ethiopia (CBE), and the young and fast-growing private bank, Oromia International Bank (OIB), are the targets of this study. The respondents of the study are branch managers and assistant branch managers of the branches operating under Addis Ababa districts in both banks.

The central research question that this research strived to answer was: 'What is the role of AL in the implementation of planned organisational change as mediated by LMX?'. The general objective of this research was studying the effect

of authentic leadership on planned organisational change implementation as mediated by leader–member exchange.

The basic rationale for conducting this research was contributing to the theoretical, empirical, and practical aspects of change management and leadership by illuminating the effect of AL as mediated by LMX, particularly the role that AL plays in POCI through consideration of LMX as the mediating variable, which remained rarely examined in the previous literatures. Hence, this research will contribute to the existing body of knowledge and stock of practice in this regard.

THEORY AND HYPOTHESIS

There are various variables that are believed to mediate the association between AL and POCI. Among these mediating variables, LMX is presumed to be the major one (Dulebohn et al., 2012). It has been stated that leadership is relational, and cannot be captured by examination of individual attributes alone (Uhl-Bien, 2006). Therefore, it is helpful to look at the impact that relational variables such as LMX could have on the link between AL and POCI. An explanation for why LMX mediates this antecedent–outcome association can be found in social exchange theory (SET) (Cropanzano & Mitchell, 2005). Based on SET theorists' view, social exchange includes a series of interactions that generate responsibility and social behaviour and performance is the outcome of an exchange process (Eisenberger et al., 2004; Uhl-Bien & Maslyn, 2003; Perugini & Gallucci, 2001). Accordingly, relationship between leaders and subordinates and the quality of this relationship play a vital role on the effect of a given leadership model (AL in this study context) on outcomes such as POCI. Therefore, focusing on aspects of the leader, follower, or situation in isolation would be inadequate in explaining the effect of AL on implementation of planned organisational change.

Earlier, researchers found that a high-quality exchange relationship (LMX) favourably affects work outcomes (Krishnan, 2005). A high-quality LMX involves communal respect, support, and loyalty that enhance levels of interpersonal attraction and bi-directional influence (Asgari et al., 2009). In line with this, it has been shown that quality LMX leads to favourable company effects (Dulebohn et al., 2012). Given these justifications, it is expected that an AL can drive a high-quality LMX because authentic leaders are especially interested in empowering their followers to make a difference (Walumbwa et al., 2008; George & Sims, 2007), and this in turn can foster a situation for implementation of planned organisational changes. This is attributed to the fact that high-quality LMX relationships reflect effective bonding accompanied by mutual expectations of quid pro quo (Walumbwa et al., 2008). This assertion can also be

supported by the reciprocity rule of SET in that positive treatment by the authentic leader will result in the same positive treatment by followers (Cropanzano & Mitchell, 2005), which enhances the possibility for the planned change to be successfully implemented. In other words, an authentic leader garners a good quality relationship with the follower, which, according to SET, they reciprocate positively by engaging in implementing organisational change.

The crucial element in LMX is the excellence and frequency of contact and communication that existed between the leader and their subordinate (Kacmar et al., 2003). The opportunity for proper information exchange can help clarify misunderstandings and supplement the need to contribute to the change initiative. Of course, communicative association is among the constructs that make LMX a dominant leadership theory (Dulebohn et al., 2012). In such instances, subordinates are likely to provide support to the person in charge in fruitfully executing the change. To this end, the presence of a high standard of LMX fosters open exchange of information between authentic leaders and their subordinates, in which the leaders can easily state the necessity of the change, what is required from each follower during the change execution process, and the reward and benefit earned from implementing the change (Dulebohn, 2012).

Furthermore, the role of LMX is believed to be greater in shaping the followers' attitude towards outcomes such as change. This is because it is assumed that subordinates in high-quality relationships have intrinsic motivation like a sense of empowerment and extrinsic rewards such as promotions (Epitropaki & Martin, 2005).

The empirical research done by Wang et al. (2005) by taking the case of China proves that LMX favourably mediates the association between transformational leadership and task performance and organisational citizenship behaviour (OCB). Another empirical research which took LMX as a mediating variable between leader–subordinate congruence in pro-active personality and work outcomes was conducted in the context of a Chinese bank's credit card service branches located in Shanghai. This had shown that LMX is related with higher levels of job contentment, affective dedication, and performance (Zhang et al., 2012). The study conducted by Maslyn & Uhl-Bein (2000) has reported that as the association develops from lower quality to higher quality, there will be transformation from self-interest to partnership (mutual interest). Moreover, their study has shown that LMX predicts organisational outcomes, such as organisational commitment, job contentment, perceived company support, performance, and organisational citizenship behaviour (OCB). Similarly, in the current study as well, LMX is supposed to explain the role of AL on POCI.

Consequently, in consideration of the above arguments; the following hypothesis is proposed: *Leader–member exchange positively mediates the effect of authentic leadership on planned organisational change implementation.*

RESEARCH DESIGN AND METHODOLOGY

Essentially, this research is quantitative in nature. The quantitative approach makes use of objective measures through numerical representations of the constructs considered in the study. The design of this research is two-phase cross-sectional design. The data for this research were collected from a primary source. The primary source is the one from which first-hand data are collected, and thus happen to be original in nature (Creswell, 2009). In this research, respondents who hold posts of branch manager and assistant branch manager at the Commercial Bank of Ethiopia (CBE) and Oromia International Bank (OIB) in branches operating under districts in Addis Ababa were approached.

The level of analysis in this research is the individual level as the focus of the study is examining the effectiveness of assistant branch managers in POCI. In this study, random sampling technique is used to select branches and individuals from which the data were collected. The approach is chosen because it eliminates the bias in selecting respondents for the study (Bhattacharjee, 2012; Kumar, 2012). With an objective to get more sample size that can increase the representativeness of the sample and to fulfil the minimum number of samples required to run pertinent analysis, the questionnaire was distributed to a total of 450 branches (to the branch managers and assistant branch managers) in two phases of data collection. The data were collected from two different sources (branch managers and assistant branch managers) with the intention to mitigate the problem associated with common method bias emanating from using the same source of data. Besides, the data were collected in two phases to create mental separation of the respondents in replying to items measuring the different variables of the study. Looking at the response rate, the number of branch managers and assistant branch managers who responded in Phase 1 and 2 from the same branch was 312 altogether. Therefore, the final sample size for this research is 312 and the analysis made in this research is conducted based on the data obtained from these respondents (branch managers and assistant branch managers who responded in Phase 1 and 2 from the same branch).

Survey method was used to collect the data for this research. The respondents have replied to the questionnaire in two phases, as discussed previously. Then, the completed survey questionnaire has been used in the analysis of this study.

Questionnaire (Instrumentation)

The questionnaire used in this study was adopted from instruments used and tested in previous studies. All the questionnaires were developed on a five-point Likert scale, where; 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, and 5 = strongly agree.

The items used for measuring the AL are adapted from Walumbwa et al. (2008). The questionnaire involves sixteen items established to measure the four dimensions of AL (self-awareness, internalised moral perspective, balanced processing, and relational transparency). The questionnaire was framed in such a way that the assistant branch managers have responded on the AL practices of their respective branch managers. All items began with 'My branch manager...' and a sample item includes '...can list his/her three greatest weaknesses'.

LMX is measured by applying the LMX 7 questionnaire (LMX-7) developed by Graen & Uhl-Bien (1995), which is LMX as measured by a subordinate, in this case, assistant branch managers. A sample item from LMX incorporates 'I know where I stand with my branch manager and usually know how satisfied my manager is with what I do'.

The items measuring POCI are adopted from Liu (2010), Herold et al. (2008), Self et al. (2007), Furst and Cable (2006), Caldwell et al. (2004), Wanberg and Banas (2000), Kotter (1996), Brockner et al. (1994), and Konovsky and Folger (1991). The questionnaire measuring POCI is meant to obtain the data on the three dimensions of POCI, namely change selling (CSE), change implementation (CI), and change success (CSU). The instrument was filled by branch managers in consideration of the POCI executed by their fellow assistant branch managers. The questionnaire originally consisted of 23 items. However, it was reduced to 19 by removing cross-loading items. A sample item from the questionnaire includes 'My assistant branch manager made it clear up front to those in our branch why the change was necessary'.

Data Utilisation

Regarding the data utilisation for analysis conducted in this research, the data of AL and LMX were taken from the one filled by assistant branch managers. The data on AL were taken from assistant branch managers because previous researches suggested that followers can better measure the extent of the AL practices of their leaders (Bakari & Hunjra, 2017; Walumbwa et al., 2008) and to mitigate self-rating bias. The LMX is also taken from the dataset of assistant branch managers because they can properly measure how they perceive the quality of the relationship they have with their branch managers. The data on POCI were taken from the data set of branch managers. This is because the change

implementation measured in this study is the one executed by assistant branch managers. Therefore, such an assessment needs to be an external evaluation, not self-rating. To this end, the data the branch managers filled regarding the implementation of planned organisational change by their fellow assistant branch managers is utilised for analysis in this research.

Reliability and Validity of the Instrument Used

Examining the reliability and validity of the instrument used for the study is believed to be vital to decrease errors that might arise from measurement problems in the quantitative studies (Dornyei, 2007). The Cronbach's alpha reliability coefficient of AL is .85, LMX is .79, and POCI is .85 (for all items together). The reliability coefficients for the three types/forms of POCI separately are .83 for CSE, .90 for CI, and .83 for CSU. These results indicate the existence of good internal consistency of the items in the scale. Therefore, the research instrument is found reliable and then used for the research.

In this research, on top of using the tested and reliable scales, the validity of the survey instrument was further tested and assured by conducting the common method bias (variance) test and confirmatory factor analysis (CFA). The common method bias (variance) test was conducted using Herman's single factor use. Additionally, multiple CFAs were conducted to assess the fit for each scale, as well as all scales combined. The detailed discussion with each model's fit indices and the final selection of the model for this study is presented in the data analysis and results part.

METHOD OF DATA ANALYSIS

With the purpose of examining the strength of the relationship among the variables researched in this study, correlation analysis was conducted and the result obtained is presented in the data analysis and results part. In this research, mediation analysis is conducted to examine how LMX mediates the relationship between AL and POCI. To this end, Hayes PROCESS MACRO Model 4 is utilised to examine the mediating relationships in the study. For this purpose, 95% confidence interval and a bootstrap of 5,000 was utilised.

DATA ANALYSIS AND RESULTS

Confirmatory Factor Analysis (CFA) of the Measurements Used

Confirmatory factor analysis (CFA) is used to test whether measures of a construct are consistent with the researcher's

understanding of the nature of that construct or factor (Brown, 2015). It enables the researcher to examine the factor structure underlying the set of variables under scrutiny. The fit indices extracted from the CFA conducted incorporate chi-square, degree of freedom, RMSEA (root mean square error of approximation), CFI (comparative fit index), and AIC (Akaike information criterion).

The chi-square value measures the overall fit of a model. It “assesses the magnitude of discrepancy between the sample and fitted covariance matrices” (Hu & Bentler, 1999). As chi-square is a “badness of fit” index, a good model fit is expected to provide a non-significant result at 0.05 thresholds (Barret, 2007). It is a “badness of fit” index because the higher its value, the worse the model corresponds to the data (Kline, 2005).

The degree of freedom (df) indicates the number of independent values that can vary in an analysis without breaking any constraints (Pandy & Bright, 2008). It shows the number of independent pieces of information that go into the estimate of a parameter. It is calculated to help ensure the statistical validity of chi-square tests, t-tests, and even the more advanced f-tests. These tests are commonly used to compare the observed data with data that would be expected to be obtained according to a specific hypothesis. As a rule, because higher degrees of freedom generally mean larger sample sizes, a higher degree of freedom means more power to reject a false null hypothesis and find a significant result.

The root mean square error of approximation (RMSEA) is also identified as a “badness of fit index in that a value of 0 indicates the best fit” and higher values indicate a worse fit (Kline, 2011). The guideline by Browne and Cudeck (1993) suggested an RMSEA 0.05 as a close fit; between 0.05 and 0.08 as a fair fit; and values between 0.08 and 0.10 as a mediocre fit.

Comparative fit index (CFI) is an incremental fit index that assesses the relative improvement in fit of the model developed by the researcher compared with a baseline or null model (Kline, 2011), which assumes zero population covariance among the observed variables. A CFI value close to one is considered to indicate a good fit. The suggested value for CFI is 0.90 and above (Hu & Bentler, 1999).

The Akaike information criterion (AIC) is a mathematical method for evaluating how well a model fits the data it was generated from (Bevans, 2020). It is an estimator of out-of-sample prediction error, and thereby the relative quality of statistical models for a given set of data. AIC is a single number score that can be used to determine which of the multiple models is most likely to be the best model for a given dataset. It estimates models *relatively*, meaning that AIC scores are only useful in comparison with other AIC scores for the same dataset. In statistics, AIC is used to compare

different possible models that are not hierarchically nested, and determine which one is the best fit for the data. The rule for interpretation is that a lower AIC score is better.

Confirmatory Factor Analysis (CFA) Outputs for AL, LMX, and POCI

The confirmatory factor analysis (CFA) of the AL four-factor model has shown good model fitness with indices of Chi-square = 305.12, df = 98, CFI = .91, RMSEA = .08, and AIC = 381.12. The CFA chart for AL four-factor model is portrayed in Fig. 1.

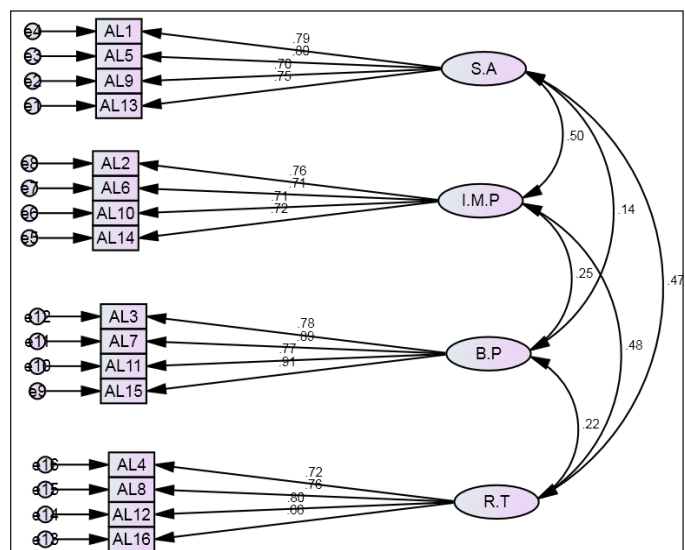


Fig. 1: AL (Four Factors)

The confirmatory factor analysis (CFA) conducted for LMX has scored the model fit indices of $\chi^2 = 54.80$, df = 14, CFI = .92, RMSEA = .09, and AIC = 82.80. Fig. 2 shows the diagrammatic representation of the model on AMOS.

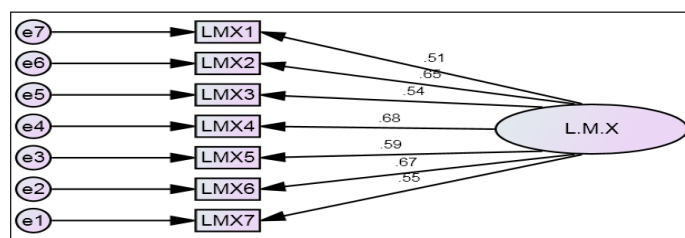


Fig. 2: CFA for LMX

The above-stated model fit indices show that the model is within the acceptable range.

The confirmatory factor analysis (CFA) of the POCI three-factor model fit indices are: $\chi^2 = 373.69$, df = 147, CFI = .91, RMSEA = .07, and AIC = 459.69. These fit indices show that the model is within the acceptable range. The pictorial representation of the three-factor model on AMOS is depicted in Fig. 3.

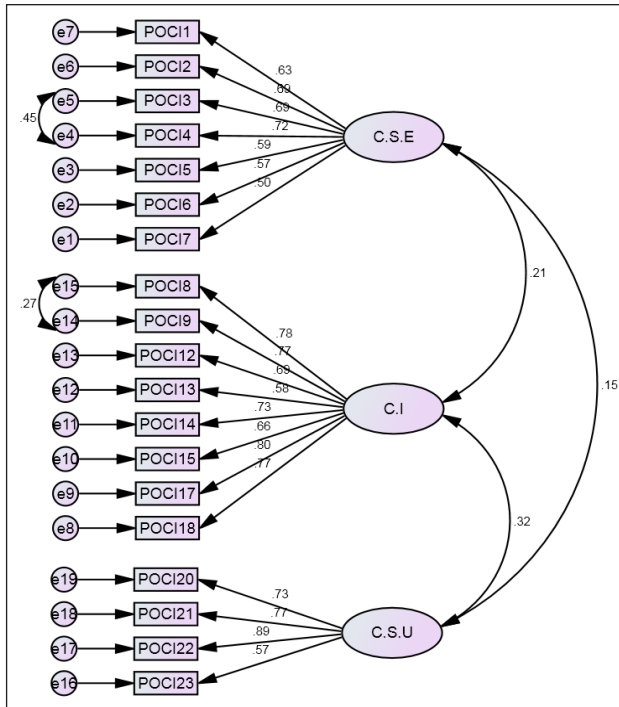


Fig. 3: Three-Factor Model for POCI

The confirmatory factor analysis (CFA) of all factors together with the model fit indices are: $\chi^2 = 124.68$, $df = 74$, $CFI = .94$, $RMSEA = .05$, and $AIC = 186.68$. These fit indices show that the model is within the acceptable range. The pictorial representation of all the factor models on AMOS is depicted in Fig. 4.

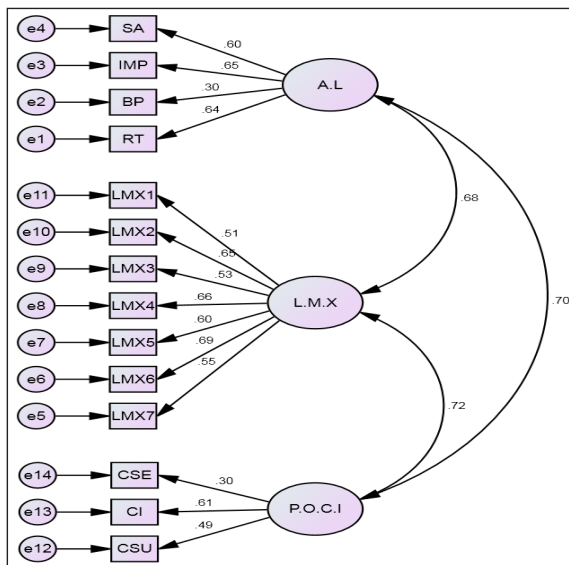


Fig. 4: Three-Factor Model

Correlation Analysis

Pearson correlation was run to detect the existence of the association between the independent and dependent variables of the study. Accordingly, the outcome has shown

that there is a statistically significant positive correlation between the predicting (AL), the mediating (LMX), and the outcome variables (POCI) (Table 1).

Table 1: Correlation among the Independent Variables (Pearson Correlation Values)

Variables	AL	LMX	POCI
AL	(.85)		
LMX	.48**	(.79)	
POCI	.37**	.45**	(.85)

Note: Reliabilities are in the diagonal.

Hypothesis Testing

The hypothesis proposed for this study was: LMX would positively mediate the effect of AL on POCI. The output of the mediation analysis includes analysis of: (i) the effect of AL on LMX, (ii) the effect of LMX on POCI, (iii) the effect of AL and LMX on POCI, and (iv) AL's effect on POCI through LMX.

The diagrammatical model which shows the mediating role of LMX on the relationship between AL and POCI is depicted in Fig. 5.

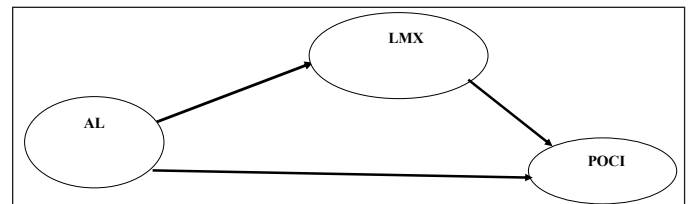


Fig. 5: Model Diagram of Mediation of LMX

The mediation test is conducted using Hayes's PROCESS MACRO Model 4 and a bootstrap of 5,000 and confidence interval of 95%. Accordingly, the result obtained is revealed in Table 2.

Table 2: Model Summary for Mediating Role of LMX

Outcome Variable	R	R-sq	MSE	F	df1	df2	P
LMX	.48	.23	.16	93.18	1.00	310.00	.00
POCI	.48	.23	.12	47.32	2.00	309.00	.00

We can determine whether mediation exists by interpreting the indirect effect of AL on POCI through LMX. Using the bootstrap sample distribution explained above, PROCESS reports the point estimate of the indirect effect ('Effect') and its standard error ('Boot SE'). This is followed by the upper and lower limits of the bootstrap confidence intervals ('BootLLCI' and 'BootULCI'). As can be seen from the output presented in Table 3, the indirect effect of AL on POCI through LMX is significant ($b = .14$, $BootSE = .04$). At 95% confidence interval, the lower and upper CI (.08 and

.22, respectively) do not include zero. Therefore, the analysis result provided support for the hypothesis: LMX positively mediates the effect of AL on POCI.

Table 3: Indirect Effect of X (AL) on Y (POCI) through LMX

Mediator	Outcome Variable	Effect	Boot SE	Boot LLCI	Boot ULCI
LMX	POCI	.14	.04	.08	.22

DISCUSSION AND IMPLICATION

The main objective of the study was to examine the mediation effect of LMX on the relationship between AL and POCI. The Hayes's PROCESS Macro Model 4 output presented in the result section of this study has revealed that the findings of the study supported the hypothesis which proposed that LMX would positively mediate the effect of AL on POCI.

This research result is also consistent with prior studies which have found that a high-quality relationship (LMX) positively affects work outcomes, such as change implementation (Zare & Crawford, 2017). Moreover, the findings of this research are well synchronised with the claim that AL can drive a high-quality LMX (Walumbwa et al., 2008; George & Sims, 2007; Ilies et al., 2005; Avolio et al., 2005; Avolio et al., 2004; Gardner et al., 2005), and this, consequently, can foster a favourable situation for planned organisation change implementation.

The finding is also in harmony with the SET principle of reciprocity in that authenticity and positive treatment of the authentic leader will result in the same positive response by the followers (Cropanzano & Mitchell, 2005). Accordingly, this situation will enhance the possibility of the planned organisational change to be successfully implemented.

Besides, this study's findings are aligned with several empirical studies. For instance, the result of this study is synchronised with the study conducted by Wang et al. (2005) in the Chinese context and showed that LMX mediates the relationship between leadership and positive organisational outcomes. In the same vein, the study is in harmony with findings reported by other empirical researches (Zhang et al., 2012; Maslyn & Uhl-Bein, 2000), which asserted that LMX can explain the relationship between leadership and favourable aspects of an organisation.

Implications of the Study

The AL and POCI theory are under continuous development. The theories are still attracting the attention of many scholars in the field (Alavi & Gill, 2017; Peus et al., 2012; Rego et al., 2012). To this end, this research expands the existing frontier

of knowledge of AL and POCI. Specifically, this research tested the portfolio of AL, LMX, and POCI together. This enables one to observe the association between these variables.

Concerning the empirical contribution, the research further strengthens the empirical support for the leadership, LMX, and POCI theories. The fact that this research is conducted in the context of developing economies by including banks in Ethiopia is also considered another empirical contribution, as this can provide additional perspectives to the scenarios in the developed economies which have been relatively more researched. Accordingly, the research can enhance insight regarding the holistic implication of leadership models on change implementation in the context of a country with an developing economy.

Study Limitations, Future Research Directions, and Strengths of the Research

The study was confined to investigate change implementation in the context of planned organisational changes. However, given the volatility, uncertainty, complexity, and ambiguity (VUCA) of the environment within which organisations operate, examining unplanned (emergent) change is worth noting. Therefore, other researchers are suggested to test the applicability of the model used in this research for unplanned (emergent) organisational change implementation.

The finding of this study has been drawn from quantitative data. However, there are attributes of leadership and change management that can be explained more qualitatively. Therefore, it is believed that the quality of the research output can be enhanced by triangulating the quantitative findings with the qualitative one. Therefore, other researchers can conduct further investigation by employing qualitative or mixed approaches and investigate if the same results will be obtained using the model employed in this study.

Despite the limitations stated above, we can raise copious points as strengths of this research. The study followed a strong design which curbs common method bias (Kock & Assaf, 2021). The data were collected from two different sources: branch managers and assistant branch managers. Regarding the data used for the analysis in this research, the predicting variables (AL and LMX) were taken from the dataset of assistant branch managers and the data on POCI was taken from the data set of branch managers. Besides, there was a gap in the time period in collecting data on the variables examined in this research. The data were passed through several examinations to ensure its quality, and it has fulfilled all the assumptions needed to be satisfied. The depth and method of data analysis conducted in the study are also part of the strengths of the research.

CONCLUSION

This study developed and followed a model incorporating AL as the independent variable, LMX as the mediating variable, and POCI as an outcome variable. The result has revealed that LMX has mediated the effect of AL on POCI.

REFERENCES

- Alavi, B. S., & Gill, C. (2017). Leading change authentically: How authentic leaders influence follower response to complex change. *Journal of Leadership and Organizational Studies*, 24(2), 157-171.
- Anand, S., Hu, J., Liden, R. C., & Vidyarthi, P. R. (2011). Leader-member exchange: Recent research findings and prospects for the future. *The Sage Handbook of Leadership*, 309-323.
- Asgari, A., Silong, A. D., Ahmad, A., & Abu, S. B. (2008). The relationship between transformational leadership behaviors, leader-member exchange and organizational citizenship behavior. *European Journal of Social Sciences*, 6(4), 140-151.
- Avolio, B. J., & Gardner, W. L. (2005). AL development: Getting to the root of positive forms of leadership. *Elsevier, the Leadership Quarterly*, 16, 315-338.
- Avolio, B. J., Gardner, W. L., Walumbwa, F. O., Luthans, F., & May, D. R. (2004). Unlocking the mask: A look at the process by which authentic leaders impact follower attitudes and behaviors. *Leadership Quarterly*, 15, 801-823.
- Baesu, C., & Bejinaru, R. (2013). Leadership approaches regarding the organizational change. *The USV Annuals of Economics and Public Administration*, 13(2), 146-152.
- Bakari, H., & Hunjra, A. I. (2017). AL questionnaire: Case of its validation through structural equation modeling; Evidence from Pakistan. *Business and Economics Review*, 9(2), 21-47.
- Bamford, R. D., & Forrester, P. (2003). Managing planned and emergent change within an operations management environment. *International Journal of Operations and Production Management*, 23(5), 546-564.
- Barrett, P. (2007). Structural equation modeling: Adjudging model fit. *Personality and Individual Differences*, 42(5), 815-824.
- Bartunek, M. J., Balogun, J., & Do, B. (2011). Considering planned change anew: Stretching large group interventions strategically, emotionally, and meaningfully. *The Academy of Management Annals*, 5(1), 1-52.
- Battilana, J., & Casciaro, T. (2012). Change agents, networks, and institutions: A contingency theory of organizational change. *Academy of Management Journal*, 55, 381-398.
- Belias, D., & Koustelios, A. (2014). The impact of leadership and change management strategy on organizational culture. *European Scientific Journal*, 10(7), 451-470.
- Bennett, N., & Lemoine, G. J. (2014). What a difference a word makes: Understanding threats to performance in a VUCA world. *Business Horizons*, 57, 311-317.
- Bevans, R. (2020). Akaike information criteria / When and how to use it.
- Bhattacharjee, A. (2012). *Social science research: Principles, methods and practices* (2nd ed.). USA: University of South Florida.
- Bolman, G. L., & Deal, E. T. (2015). Think-or sink: Leading in a VUCA world. *Leader to Leader Executive Forum*.
- Breevaart, K., Bakker, B. A., Demerouti, E., & Heuvel, V. M. (2015). Leader-member exchange, work engagement and job performance. *Journal of Managerial Psychology*, 30(7), 754-770.
- Brockner, J., Konovsky, M., Cooper-Schneider, R., Folger, R., Martin, C., & Bies, R. J. (1994). Interactive effects of procedural justice and outcome negativity on victims and survivors of job loss. *Academy of Management Journal*, 37, 397-409.
- Brown, A. T. (2015). *Confirmatory factor analysis for applied research* (2nd ed.). USA: Guilford Publications.
- Browne, M. W., & Cudeck, R. (1993). Alternative ways of assessing model fit. In K. A. Bollen and J. S. Long (Eds.), *Testing Structural Equation Models* (pp. 136-162). Newbury Park, CA: Sage.
- By, R. T. (2005). Organizational change management: A critical review. *Journal of Change Management*, 5(4), 369-380.
- Caldwell, S. D., Herold, D. M., & Fedor, D. B. (2004). Towards an understanding of the relationships between organizational change, individual differences, and changes in person-environment fit: A cross-level study. *Journal of Applied Psychology*, 89, 868-882.
- Carol, A. B. (2015). *Key success factors of planned change projects*. Queen's University IRC.
- Creswell, J. W. (2009). *Research design: Qualitative, quantitative and mixed methods approaches* (3rd ed.). Sage Publications Inc.
- Cropanzano, R., & Mitchell, M. (2005). Social exchange theory: An interdisciplinary review. *Journal of Management*, 31(6), 874-900.
- Daft, R. L. (2008). *The leadership experience*. South-Western, Cincinnati.
- Deluga, R. J. (1998). American presidential proactivity, charismatic leadership, and rated performance. *The Leadership Quarterly*, 9(3), 265-291.

- Dorney, Z. (2007). *Research methods in applied linguistics*. Oxford University Press.
- Dulebohn, J. H., Bommer, W. H., Liden, R. C., Brouer, R., & Ferris, G. R. (2012). A meta-analysis of the antecedents and consequences of leader-member exchange: Integrating the past with an eye toward the future. *Journal of Management*, 38, 1715-1759.
- Eisenberger, R., Lynch, P., Aselage, J., & Rohdieck, S. (2004). Who takes the most revenge? Individual differences in negative reciprocity norm endorsement. *Personality and Social Psychology Bulletin*, 30(6), 789-799.
- Elrod II, D. P., & Tippett, D. D. (2002). The 'death valley' of change. *Journal of Organizational Change Management*, 15(3), 273-291.
- Epitropaki, O., & Martin, R. (2005). The moderating role of individual differences in the relation between transformational/transactional leadership perceptions and organizational identification. *The Leadership Quarterly*, 16(4), 569-589.
- Furst, S. A., & Cable, M. C. (2008). Employee resistance to organizational change: Managerial influence tactics and leader-member exchange. *Journal of Applied Psychology*, 93(2), 453-463.
- Gardner, W. L., Avolio, B. J., Luthans, F., May, D. R., & Walumbwa, F. O. (2005). Can you see the real me? A self-based model of authentic leader and follower development. *Leadership Quarterly*, 16, 343-372.
- George, B., & Sims, P. (Collaborator). (2007). *True north: Discover your authentic leadership*. Jossey-Bass.
- Graen, G. B., & Uhl-Bien, M. (1995). Relationship-based approach to leadership: Development of leader-member exchange (LMX) theory of leadership over 25 years: Applying a multi-level multi-domain perspective. *The Leadership Quarterly*, 6(2), 219-247.
- Herold, M. D., Fedor, B. D., & Caldwell, S. (2008). The effects of transformational and change leadership on employees' commitment to change. *Journal of Applied Psychology*, 93(2), 346-357.
- Hu, L. T., & Bentler, P. M. (1999). Cutoff criteria for fit indexes in covariance structure analysis: Conventional criteria versus new alternatives. *Structural Equation Modeling*, 6, 1-55.
- Ikinci, S. S. (2014). Organizational change: Importance of leadership style and training. *Management and Organizational Studies*, 1(2), 122-128.
- Ilies, R., Morgeson, F. P., & Nahrgang, J. D. (2005). AL and eudaemonic well-being: Understanding leader-follower outcomes. *Leadership Quarterly*, 16, 373-394.
- Johnston, A., Lefort, F., & Tesvic, J. (2017). *Secrets of successful change implementation*. McKinsey & Company Insights Article.
- Kacmar, M. K., Watt, L. A., Zivnuska, S., & Gully, S. (2003). The interactive effect of Leader-member exchange and communication frequency on performance ratings. *Journal of Applied Psychology*, 88(4), 764-772.
- Kline, R. B. (2005). *Principles and practice of structural equation modeling*. New York: Guilford Press.
- Kline, R. B. (2011). *Principles and practice of structural equation modeling*. New York: Guilford Press.
- Kock, F., Berbekova, A., & Assaf, G. A. (2021). Understanding and managing the threat of common method bias, detection, prevention and control. *Tourism Management*, 86.
- Konovsky, M. A., & Folger, R. (1991). The effects of procedures, social accounts, and benefits level on victims' layoff reactions. *Journal of Applied Social Psychology*, 21, 630-650.
- Kotter, J. P. (1996). *Leading change*. Boston, MA: Harvard Business School Press.
- Kumar, M., Ramayah, T., & Talib, A. (2012). *Business research methods*. Oxford University Press.
- Liu, Y. (2010). *When change leadership impacts commitment to change and when it doesn't: A multi-level multi-dimensional investigation* (Unpublished doctoral dissertation, Georgia Institute of Technology).
- Maslyn, J. M., & Uhl-Bien, M. (2001). Leader-member exchange and its dimensions: Effects of self-effort and other's effort on relationship quality. *Journal of Applied Psychology*, 86(4), 697-708.
- Pandy, S., & Bright, C. L. (2008). What are degrees of freedom? *Social Work Research*, 32(2), 119-128.
- Perugini, M., & Gallucci, M. (2001). Individual differences and social norms: The distinction between reciprocators and pro-socials. *European Journal of Personality*, 15(1, Special Issue), S19-S35.
- Rego, A., Sousa, F., Marques, C., & Cunha, M. P. (2012). AL promoting employees' psychological capital and creativity. *Journal of Business Research*, 65, 429-437.
- Self, D., Armenakis, A., & Schraeder, M. (2007). Organizational change content, context and process: A simultaneous analysis of employee reactions. *Journal of Change Management*, 7, 211-229.
- Uhl-Bien, M. (2006). Relational leadership theory: Exploring the social processes of leadership and organizing. *The Leadership Quarterly*, 17, 654-676.
- Uhl-Bien, M., & Maslyn, J. M. (2003). Reciprocity in manager-subordinate relationships: Components, configurations, and outcomes. *Journal of Management*, 29(4), 511-532.
- Walumbwa, F. O., Avolio, B. J., Gardner, W. L., Wernsing, T. S., & Peterson, S. J. (2008). AL: Development

- and validation of a theory-based measure. *Journal of Management*, 34(1), 89-126.
- Wanberg, C. R., & Banas, J. T. (2000). Predictors and outcomes of openness to changes in a reorganizing workplace. *Journal of Applied Psychology*, 85(1), 132-142.
- Wang, H., Law, K., Hackett, R., Duanxu, W., & Chen, X. Z. (2005). Leader-member exchange as a mediator of the relationship between transformational leadership and followers' performance and organizational citizenship behavior. *The Academy of Management Journal*, 48(3), 420-432.
- Zare, M., & Crawford, W. (2017). *LMX and transformational leadership: A critical review and assessment*. Conference Paper, Research Gate.
- Zhang, Z., Wang, M., & Shi, J. (2012) Leader-follower congruence in proactive personality and work outcomes: The mediating role of leader-member exchange. *The Academy of Management Journal*, 55(1), 111-130.